## MAY 1959

# Management

**METHODS** 

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HOW TO TAKE THE

TENSION

OUT OF YOUR JOB

How to sell the man who wants to think it

ROY ABERNETHY OF AMERICAN MOTORS-

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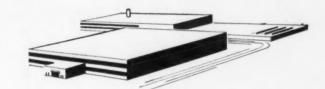
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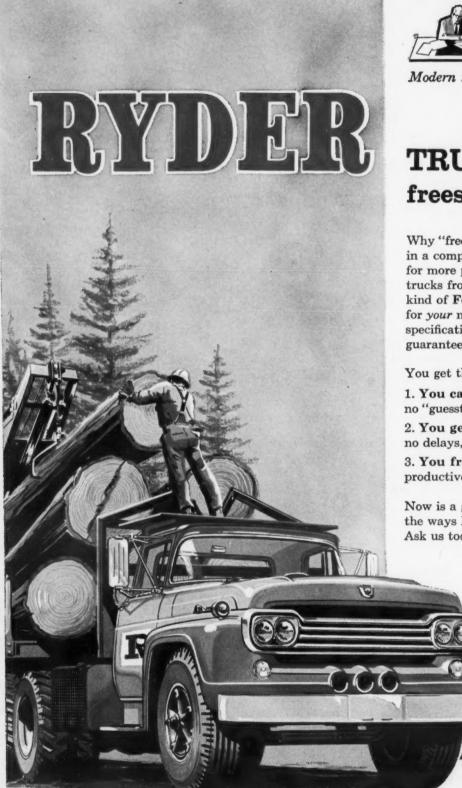
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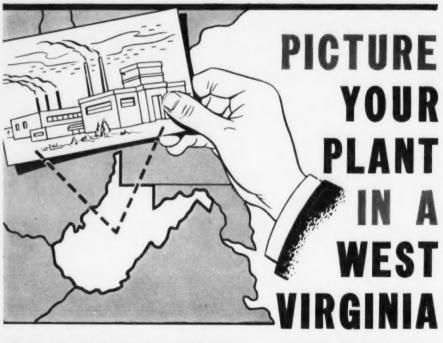
## Management

Volume 16

Number 2

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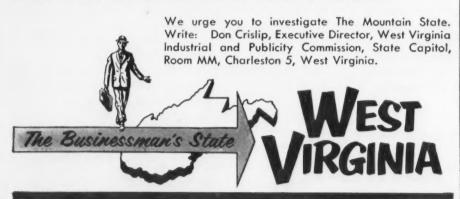
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(Circle number 142 for more information)

## Management

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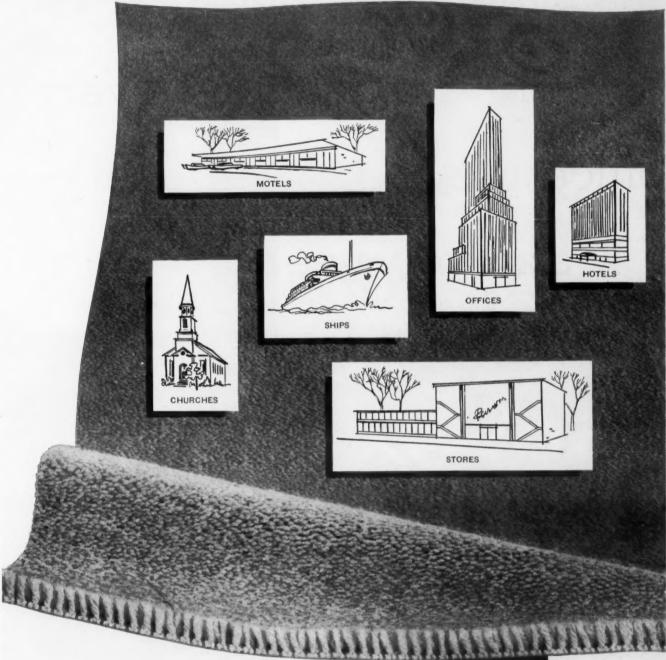
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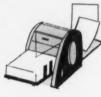


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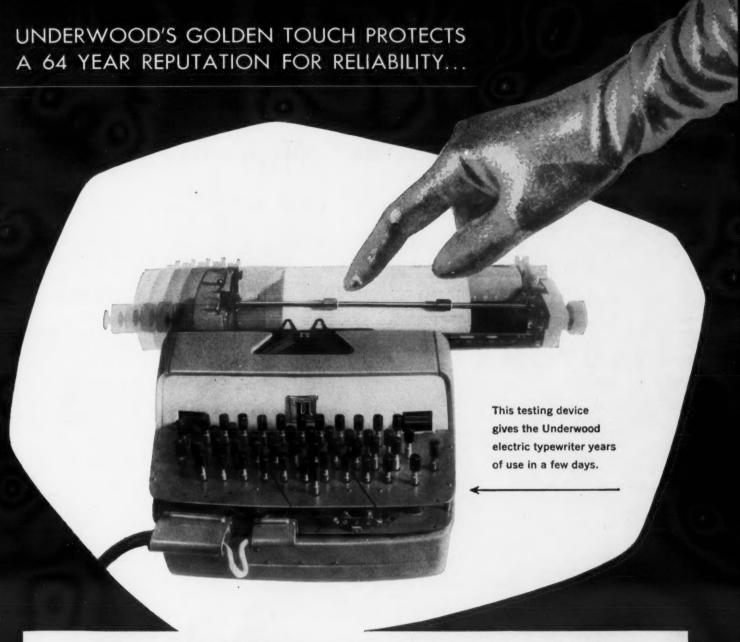
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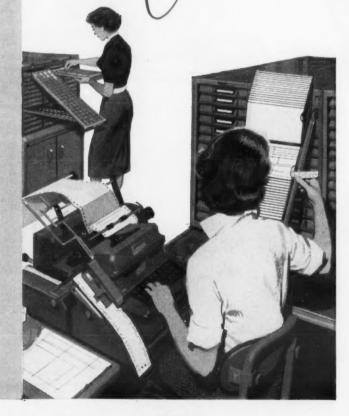
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speed the availability of source material for

## AUTOMATION

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## Business library catalog

Cities Service Petroleum, Inc. has just published its 1959 "Business Library Catalog." It lists and describes a wide range of new management aids. More than 60% of the items included are free. Others give the source and price involved.

The first three sections cover the petroleum field—the industry itself, the distributor, the dealer. Other titles include how to sell, improving business management, the man in management and better service.

agement and better service.
For a free copy of "Business Library Catalog," write to Reference Library, Cities Service Petroleum, Inc., 60 Wall Street, New York City 5.

## Plant costs in Georgia

A study of industrial building costs in Georgia has been compiled by the Georgia Power Co.

Photographs of 22 recently built structures accompany complete construction details, site and plant areas, special specifications and cost per square foot.

Most building costs in Georgia, the booklet points out, are well below the national average. Those illustrated range from a low of \$3.14 to a high of \$9.64 a square foot.

For a free copy of "Cost Data on Industrial Buildings in Georgia," circle number 260 on the Reader Service Card.

## About credit insurance

A 16-page booklet briefs the major advantages of credit insurance in protecting accounts receivable.

Published by the American Credit Indemnity Co., the brochure points out the pitfalls inherent in credit extensions, and how credit insurance removes the risk and anxiety from such transactions.

For a free copy of "Credit Insurance and Your Company," write to American Credit Indemnity Co., 300 St. Paul Pl., Baltimore 2.

## IDP filing equipment

A wide range of auxiliary equipment for data processing departments is illustrated in an 80-page catalog by the Tab Products Co.

Organized for ready reference, separate sections cover card filing, card handling, control panel storage and tape handling equipment.

There are 227 photographs of the Tab line of integrated IDP auxiliary equipment.

For your free copy of this new catalog, circle number 249 on the Reader Service Card.

## Survey of supervisors

What supervisors think about problems ahead is reported in a national opinion survey just completed by Management Information.

Sixty-four per cent of 1500 supervisors in 150 diversified companies responded to the detailed survey. Top executives in the same concerns also cooperated by answering the questions and adding comments.

Nine out of 10 supervisors indicated human relations as their most challenging problem. Motivating workers was the major specific problem faced by 43% of the supervisors and 42% of the executives polled.

Only 27% of the supervisors but 48% of the executives felt that paperwork simplification was needed.

For a free copy of the complete 23-page survey of supervisors, circle number 263 on the Reader Service

## How to combat hearing hazards

"Ears and Industry" is an eightpage discussion of industrial hearing loss and how to go about minimizing deafness.

The booklet charts sound factors injurious to the ear and noise levels of various equipment and machines.

It details an eight-point program for conducting hearing tests and reducing noise incidence and injury.

For a copy of this free booklet, write to The Maico Co., Inc., 21 North Third St., Minneapolis.

## Typing symbols dictionary

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## How to plan a sales catalog

Here is a practical 100-page guide to the successful preparation, distribution and usage of sales catalogs.

The publisher, S. D. Warren Co., has included 62 illustrations from catalogs of widely diversified businesses.

To realize maximum results from your catalog, you will want to review this valuable manual which covers every phase of catalog planning.

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Hydro-Jet Super Capacity—Drum adapter unit converts 30 or 55 gallon drum to high powered, big volume wet or dry pick up.



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## Top management looks at the cost of

Middle management often is the roadblock to paperwork shortcuts. Inertia at all levels is barring the way to simplification of procedures. Top management's attack on paperwork costs is being blocked by middle managers. This middle group was blamed by nearly half of the top executives responding to a recent survey.

In contrast, only 19% of the com-

## WHAT THEY SAID

Are paperwork costs a problem of immediate concern in your company?

yes	
	71%
no -	
	29%

2. In what areas do you feel there is most room for improvement in paperwork handling?

filing and disposal	75%
order processing	
production control	73%
production control	73%
accounting	70%
purchasing-receiving	67%
billing	63%
sales records	54%
general clerical	46%

3. What factors do you think tend to prevent a successful attack against paperwork costs?

	68%
difficult to measure costs a	nd savings
	57%
resistance from middle mar	nagement
	47%
resistance from clerical sta	ff
	19%
disappointment with previo	ous attempts
	7%
not enough time or people	to make changes
not enough time or people	

4. What percentage of total office overhead in your company do you estimate could be saved by better systems and procedures?

no saving	5%
up to 10% saving	17%
10% to 20% saving	41%
20% to 30% saving	11%
no answer	28%

## paperwork

panies named clerical personnel as a deterrent to streamlined procedures.

Plain inertia and a let's-keep-theold-methods attitude tend to circumvent paperwork cost cutting in 68% of the organizations queried.

Most top executives-about 70%are worried right now about the mountain of paperwork costs. Most are taking action against these costs -with varying results.

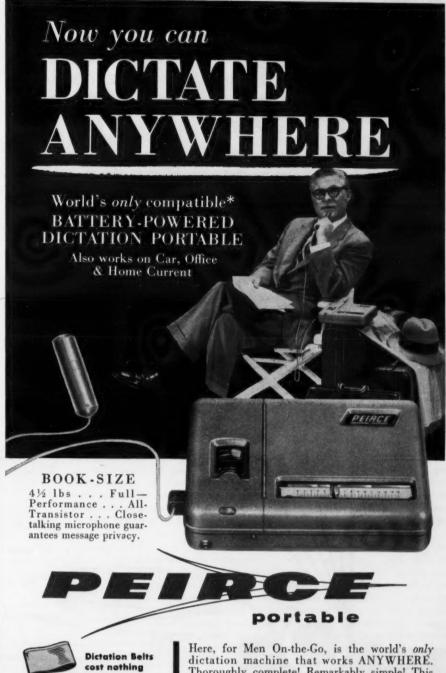
These and other significant findings were tallied in a survey of some of the best known companies in the country. The anonymous study was made by Charles Bruning Co., Inc., manufacturers of copying machines and papers. Results are released here as a service to Management METHODS readers.

Nearly all indicate a continuing concern about paperwork problems. Although many companies are developing new techniques, the replies to the survey show that much remains to be done to streamline procedures and slash paperwork costs.

## None satisfied

Not a single respondent would admit to complete satisfaction with current paper handling methods. Fewer than 9% registered reasonable satisfaction. Over 38% indicated a marked need for paperwork improvement, and 8% stated an immediate need for changes.

Significant is the finding that three-quarters of the group said filing and disposal of records cause the biggest headache. Need for streamlining office procedures in general was paramount with most of the companies. Production control and accounting were earmarked of most concern by over 70%. Next in line for needed improvement were billing, sales records and general clerical work. (turn page)





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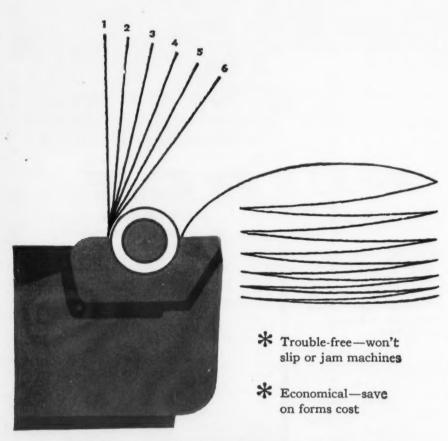
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## **Baltimore Business Forms**

(DIVISION OF BALTIMORE SALESBOOK CO.)

#### Concrete measures

Evidently, management is not ignoring the acute problem of paperwork. A healthy number—72%—have already installed electronic data processing equipment to simplify and speed office procedures. Another 70% have explored new and improved systems. Almost half have also taken other steps toward improvements—appointed study groups, forms control committees, etc.

Currently, the trend toward automation and up-dating systems is continuing with those questioned. This year, 30% plan to install data processing equipment. About 43% will continue investigation of improved paperwork systems and control.

#### Outside help

A large majority of respondents prefer to rely on outside counsel in revising paperwork procedures. Management consultants have been called in by 67% of the organizations. Another 70% have turned to suppliers of office equipment for help. Others—20%—asked aid from systems departments of accounting firms.

#### **Dollar** savings

Those who reported savings in dollar amounts from improved paper handling ranged from a low of \$6,000 per year to \$1 million or more.

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Others, who used percentages to report overhead savings, varied their answers from 6% to 20%.

#### **Added benefits**

Aside from actual cost savings, a wide variety of advantages were derived from paperwork simplification.

Better customer service was realized by 57% of the reporting companies. Increased accuracy resulted in 54% of the organizations. Improved communications and quickly available data were reported by 38%.

Other benefits noted by several firms were numerous and varied—better inventory control, ability to carry increased workloads, improved operations control, less training required—even better employee morale. (Continued on page 19)

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#### **Updating** systems

Projections of overhead to be saved by further refinements seem conservative, says Herbert Bruning, president of the corporation that made the survey.

As much as 30% savings could be effected by future paperwork improvements, according to 11% of the companies. About 41% of the firms look for savings ranging up to 20%. Savings of up to 10% were held likely by 17% of those questioned. No future savings in overhead are predicted by 5% of the firms.

## It's up to management

All respondents agreed business paperwork presents a serious problem. In addition to the statistics presented here, they added interesting and individual comments.

In essence, these are the thoughts expressed by the majority:

- Decisions and implementation of system improvements rest initially and ultimately with top management.
- Over-all study and integration of systems and methods is indispensable. Patchwork improvements can cancel one another out. At best, piecemeal changes can bring little improvement at great expense.
- Pre-sell all personnel on the importance and value of improved techniques and systems—to the company and to themselves. ■



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A REVIEW OF CURRENT SURVEYS

## Retirement plans have quadrupled in past decade

The last 10 years has seen a decided upswing in retirement plans a recent survey has shown. Prior to 1947, less than 10,000 plans had been approved by the U.S. Treasury. By the end of 1957, this figure had increased to more than 40,000 qualified plans, four times as many.

About 65% of these were pension plans. The balance were deferred profit sharing retirement programs.

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## What does an executive architect read?

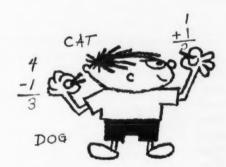
Says R. Jackson Smith: "The architect must possess in equal measure the administrative ability of the businessman and the creative talent of the fine artist. He must have the good sense to realize his client's program in functional and economic terms and the vision to relate these terms to the end product of his labors: a beautiful and useful work of architecture. Management Methods, with its concise presentation of business ideas is a great help to us as professional architects."

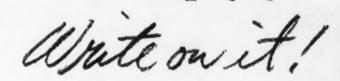
R. Jackson Smith, A.I.A., is a partner in Eggers and Higgins, Architects, New York.

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## How To Cancel the Danger of Fraud

Every year U.S. business loses through fraud an amount equal to  $3\frac{1}{2}\%$  of corporate profits. Here's how to cover yourself in the area where over 70% of the total loss occurs—disbursements.



W. H. KLOTZ, Sales Training Director Cummins-Chicago Corp.

Mr. Klotz holds a B.S. degree from Northwestern University. He became associated with Cook Electric Co. in

1946, where he was made Comptroller in 1950. In 1952, he became Comptroller of Cummins and was made Sales Training Director in 1956.

Every office system requires the support of a disbursement with certain basic documents before it is eligible for payment. These basic documents are:

- Vendor's Invoice
- Supporting Papers (Receiving Tickets, Purchase Orders, etc.)

Sometimes other documents are included such as bills of lading, inspection reports, packing slips, etc. These authorize the issuance of a check. An embezzler must provide a set of these documents and arrange to give them the appearance of being properly approved and authorized before an improper disbursement can be made. This has not presented problems to embezzlers in cases studied. The thefts continued time after time and were concealed because the dishonest employee was able to falsify or re-use one or more of these basic documents to have fraudulent checks drawn.

Frauds in cash disbursement transactions can be prevented, or detected before they can be repeated, by preventing the re-use of previously authorized and paid invoices and their supporting documents and by preventing the creation of fictitious documents.

Unfortunately, in too many companies, nothing is done to distinguish a paid invoice from an unpaid invoice. The paid invoices are simply filed in the paid file — nothing more. Other companies rubber stamp the invoices PAID, the number of the paying check, or some other mark to indicate it has been processed. Many companies merely attach a copy of the check or voucher to the invoice bundle to evidence payment.

It is a simple matter, in any of these cases, to re-use the invoice and supporting papers to authorize a fraudulent disbursement. Unmarked invoices are used just as they are. It is equally simple to remove a copy of a check or voucher to re-use an invoice and its supporting documents.

Some vendors regularly send invoices in three or four copies to all customers. Many cases of embezzlement have been accomplished by supporting a duplicate invoice with the uncanceled receiving reports and purchase order copies taken from a previously paid invoice.

## Accounting controls will not prevent frauds; employees can cash checks made out to vendors

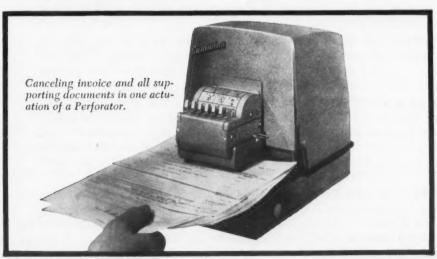
There are two widely held misconceptions relating to cash disbursement frauds:

- ... The belief that ordinary accounting control over payables will prevent fraudulent cash disbursements.
- ... The belief that a check made out to a vendor can't be cashed by anyone else.

#### Two vulnerable spots

Most companies certainly do exercise control over payables after they are entered in the control account. There are two spots, however, where no such control exists.

1. Newly Received Invoices: There is no economical method of accounting which will tie commitments as they are made (Purchase orders issued) into a general ledger control. There is no control, accordingly, over the invoices that are received in the mail each day. Control must be

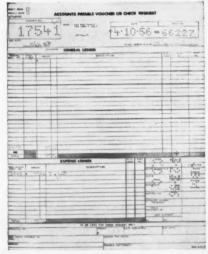


set up at some point after the invoices are received. There is nothing that can be done to prevent introduction of a paid or fraudulent invoice into the system before this dollar control is set up. If this is done, and the invoice is properly supported, it will ride through the system and authorize a check at the other end. There will be no tangible evidence of what has happened.

Every company experiences

symptoms that indicate this could

occur. There are very few companies that have not, at least occasionally, had a vendor report a duplicate payment. How many more of these remain undiscovered, no one knows. These losses show up as inventory shrinkage or increased expense-depending on whether the invoice covered an inventory or an expense item. 2. Paid Invoices: The other vulnerable spot in a company's routine is the paid invoice file. There is no control account over paid invoices, such as is set up for unpaid invoices. Once the documents are paid and the disbursements accounted for, they are considered dead. Unless these documents are canceled permanently, it is always possible for them to come alive again. It is not uncommon to have previously paid invoices accidentally put through the disbursement system a second time.



Voucher bundle perforated with date and check number.

WRITE FOR MORE INFORMATION This article is an excerpt from "How To Save 3½% Of Profits." For a copy of the complete booklet and a transcript of the author's talk, "Figures Aren't Always What They Seem," circle 111 on the readers service card — or write Cummins-Chicago Corp., Chicago 40, Illinois.

## Frauds seldom revealed by audit

It is very difficult for an auditor to uncover a fraud of cash disbursements. The embezzler is very ingenious in obtaining the necessary documents to support each disbursement check. Of 100 cases involved in a study made in 1950, less then onefourth were uncovered by the companies' auditors and regular accounting personnel, using normal accounting procedures. Another 25 per cent were uncovered by management's inquiries into the causes of inventory shrinkage or expenses that appeared to be higher than normal. Over 50% were discovered accidentally.

## Embezzlers can cash checks made out to others

Contrary to prevalent suppositions, a check issued for payment of a fraudulent or duplicate invoice and made out to a vendor is easily turned into cash by an embezzler. There are dozens of methods used. One of the easiest is to deposit it in a bank account opened for that purpose under an assumed name.

It has become a fairly common occurrence in recent years for a company to accidentally deposit checks made out to another company. Sometimes it is a case of mail delivered to the wrong address, sometimes two voucher checks are put in one envelope. The clerk making up the deposit looks only at the amounts. The check always passes through all banks involved and back to the company that is sued the check. This illustrates how simple it is to deposit a check that is not made out to the depositor.

## Cancellation of all pages of invoice bundle prevents re-use

The cancellation of invoices and all supporting papers with a perforator makes re-use impossible. Perforation is inalterable—can't be erased—lasts as long as the paper it is in.

## Creation of fictitious disbursement documents prevented by validation

Numerous cases occur where the embezzler creates a complete set of documents to support a duplicate or fictitious invoice. The danger of having purchase orders or receiving reports accessible to employees is not as apparent as with cash. In the average office, it is a simple matter to gain access to such forms. Then, by merely filling them out and forging the approving initials, a set of documents is created that has every appearance of being genuine.

The use of Cummins perforators to assign numbers prevents the creation of fraudulent supporting disbursement documents. The perforator provides the only method of establishing validity. Lock and key control over the numbers assigned insures that each form processed is authorized and under control. No forms can be processed unless so validated at the control point.

#### CONCLUSION

Cummins perforators reduce the risk of fraud perpetrated in the cash disbursements area by:

- Preventing the re-use of either invoices or supporting documents to create fraudulent disbursements.
- 2. Providing controls that greatly complicate the creation and use of forged supporting paper.

(Circle number 111 for more information)



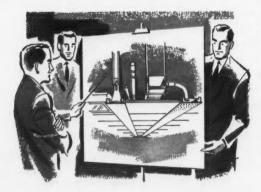
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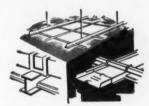
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company's operations

# Holding line on costs

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o the responsible businessman, the relation between a company's costs and a company's profits is obvious. Yet, more often than not, a company's cost program is periodic rather than continual. Influenced by economic conditions, the cost control you initiate in bad times too often fades away in the face of prosperity.

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(Circle number 133 for more information)



## DO YOU KNOW THE LAW ON

## Trade secrets

#### CAN YOU PREVENT THEIR DISCLOSURE?

The question — Can a business prevent the disclosure of its trade secrets, such as lists of customers or suppliers, blueprints, cost data and the like?

The answer – Yes. Courts will forbid the disclosure of such information by employees or others to whom it has been given in confidence, or by those to whom such secrets are disclosed, when they know the disclosure is made in a breach of confidence.

Case one—For 20 years a consulting engineer had been in the employ of a chemical company. His work was the construction and operation of furnaces in the production of phosphorus. Within a few months after he left that job he accepted a similar position with a competing manufacturer. There he not only used the drawings and blueprints he had retained from this former employer but also the background of information, plans, specifications and other trade secrets entrusted to him in confidence while in that employment.

An injunction against the use of this data and information was granted by the court in a suit brought by the former employer. In its decision according protection against the disclosure or use of these secrets, the court said trade secrets might consist of any formula, pattern, device or compilation of information which is used in a business which gives the owner a competitive advantage over those who do not possess them.

Of the law protecting property of this sort the court added, "One who discloses or uses another's trade secret without the privilege to do so, is liable to the other if:

"(a) he discovers the secret by improper means, or

"(b) his disclosure or use constitutes a breach of confidence reposed in him by the other in disclosing the secret to him, or

"(c) he learned the secret from a third person with notice of the facts that it was a secret and that the third person discovered it by improper means or that the third person's disclosure of it was otherwise a breach of his duty to the other, or (turn page)

Note - This feature is offered as a general guide only. Consult your attorney on specific legal problems.



(Circle number 150 for more information)

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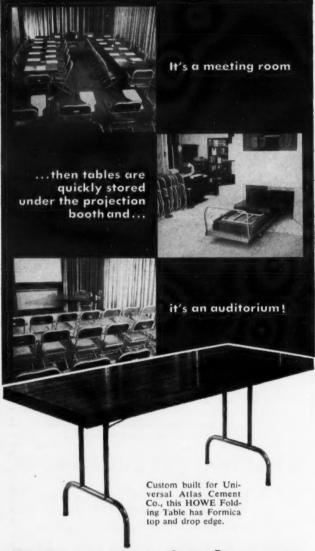
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"(d) he learned the secret with notice of the facts that it was a secret and that its disclosure was made to him by mistake."

Monsanto Chemical Co. v. Miller, 118 U.S. Patent Quarterly 74, April 22, 1958.

Case two — Another incident of trade secret protection is told by litigation over a shaving cream. In the spring of 1949 three chemists undertook the research and development of a pressurized cream of this sort. Sales the following year amounted to \$400,000. In that year the attempt by a competitor to duplicate the product ended in failure.

One of these three chemists was then hired by the competitor. The chemist disclosed to the company the process and formula used by his former employer. Within three years the sales of this product by the first employer had reached \$2.6 million, and the competitor inaugurated a sales campaign of the duplicate product. In the year following, sales of the second manufacturer reached \$5 million.

When the United States court considered the action brought by the first manufacturer of this pressurized cream for what was claimed to be an illegal appropriation of these trade secrets, it awarded the first manufacturer damages for its loss from the time these trade secrets had first been used by this competitor.

"The rule is well settled," said that court, "that secret formulas and processes are property rights which will be protected by injunction . . ."

Colgate-Palmolive Co. v. Carter Products, 230 Fed. 2d 855, March 8, 1956.

**Case three** — Disclosure by an employee of his employer's process for the manufacture of artificial leather a few years ago was the subject of a decision by the United States Supreme Court. That decision served as authority in the determination of these two recent controversies involving similar secret data and processes.

In the original instance a chemist, employed by a manufacturer for nearly 10 years, had been assigned experimental work in a project. As a condition of his employment it was stipulated that this and other secret processes were not to be disclosed to others or used by him in any manner. At the end of the 10 years, the employee left that company and undertook the manufacture of artificial leather on his own account, using the knowledge he had acquired.

In his defense to the action brought by the employer to prevent the use and disclosure of these trade secrets, he contended that the processes were not secret but matters of common knowledge.

The Supreme Court denied such a right as claimed by the employee. "The word property as applied to trademarks and trade secrets," it said, "is an unanalyzed expression of secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith.

"Whether the employer has any valuable secret or not, the employee knows the facts, whatever they are, through a special confidence that he accepted. The property may be denied but the confidence cannot be. Therefore, the starting point for the present matter is not property or due process of law, but that the employee stood in confidence with the employer."

DuPont Powder Co. v. Masland, 244 U.S. 100, May 21, 1917.



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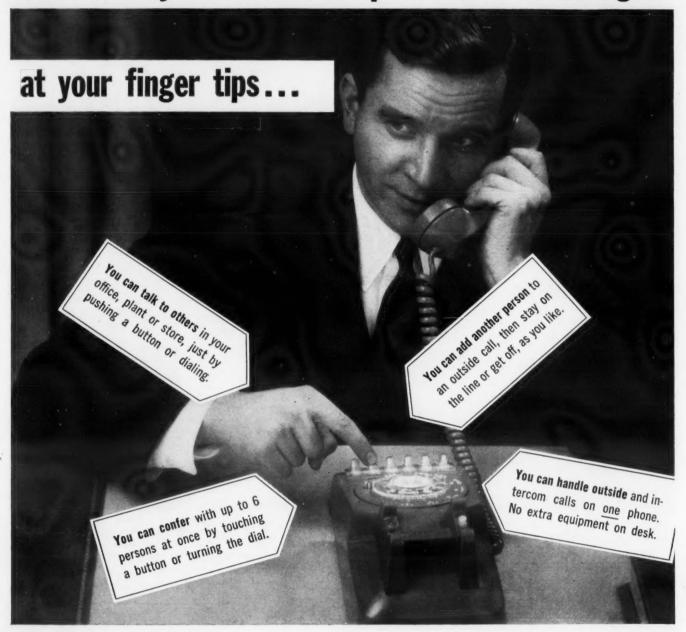
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#### TIME SAVERS

## LISTEN AWAY REPORTS WHILE TRAVELING

■ Executives faced with an avalanche of "must" reading can benefit from this idea.

President Philip H. Ordway, Union Steam Pump Co., Battle Creek, adds a time saving step to the preview-by-others system. His secretary briefs vital information for him on a battery-powered miniature tape recorder. Instead of taking time out from office or leisure hours, he listens to these reports while driving to and from work. He gains at least a full hour each day with this reading short cut. Added time is saved by listening away work on plane or train trips.

SIGN YOUR NAME AS YOU WISH — BUT TRANSLATE IT

■ YOUR SIGNATURE may be very distinguished looking—but entirely unreadable. Keep your artistic whorls or illegible scrawl—but don't make readers guess over the correct spelling.

There are two simple ways to avoid annoyance of signature guessing games. Have your name and title imprinted on your company letterhead. Or have your name typed under your signature or to the left along with your typist's initials.

One more caution: If you're female, add Miss or Mrs. This is especially important if your first name could be either sex—like Dana, Honore, Ainsworth or Marion.

Note: If in doubt when replying to two-gender names, it's better to err by calling a woman Mr. than by calling a man Miss. Women don't get quite as irked over the misnomer as men do.

USE MOBILE BULLETINS TO PROMOTE SAFETY

■ ROLLING BULLETIN boards help promote plant safety, blood donor campaigns and other projects at the Louisville plant of Tube Turns Division, Chemetron Corp.



Plant Safety Director S. Jack Gardner adapted the idea from ad bedecked London buses. Now the company's motor-driven dollies, display eye-catching posters and announcements.

The bulletins are changed regularly for maximum attention value. Since the trucks pass any given point in the sprawling plant many times a day, the new promotion medium gets high readership, Production Control Manager Louis R. Norheimer reports.

\_\_\_\_\_

## CONTROL REPORTS WITH MASTER REPORTS CALENDAR

■ REPORTS IN MOST ORGANIZATIONS are both complex and numerous. Because of this some company departments may fail to prepare necessary reports, others may inadvertently duplicate already presented information. Preparation of a master calendar of reports will aid in establishing control over such paperwork.

The Management Advisory Branch of the Bureau of State Services, U.S. Public Health Service, has developed a reports calendar which serves bureau personnel both as a schedule and as a guide for the preparation of required reports.

Monthly, quarterly and annual reports are made by seven divisions, eight regional offices and several field stations. Many of these financial, personnel, program, and general service reports require special forms and routing instructions.

The master calendar lists these reports chronologically by the dates they are due, and shows for each the preparing and receiving offices, the required form, and the direc-



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tive requiring the report.

By collecting such information, the master calendar helps to insure that all necessary reports will be prepared promptly and accurately without wasteful duplication.

#### SALES BUILDERS

## PAY YOUR PEOPLE TO PUBLISH

■ A GOOD WAY to get publicity and professional recognition for your company is to encourage your qualified personnel to write articles about your firm for publication.

The Convair Division of General Dynamics Corp. set up an awards system nearly three years ago to stimulate technical and semi-technical personnel to write articles. The Convair Writing Award Fund administrators submit the articles to magazines on a no-fee basis. The writers are paid by the company fund if their articles are accepted.

If there is something in your company which you think would be of interest to a segment of the population, (whether it's a dramatic new product or a human interest story about one of your workers), chances are you have material a magazine would want.

An awards or payment system for published articles not only stimulates your personnel to keep abreast of their fields, but it gives your company high publicity returns at a low writing cost.

## MORALE BOOSTERS

## SEE YOURSELF AS YOUR SECRETARY SEES YOU

To see how you really stack up with your secretary, ask yourself these questions:

☐ Do I fail to fully utilize her training, tact, capabilities and knowledge?

Do I often dictate at 4:30 and want those letters off tonight, please?

☐ Do I walk off without posting

my secretary as to my where-abouts?

☐ Do I retain papers instead of giving them to her to file?

☐ Do I forget to occasionally give her some deserved praise—or a raise?

☐ Do I fail to keep her up-to-date on information she needs to do her job?

If your honest answer is "ves"



to too many, yours is undoubtedly an unhappy secretary. You may even lose her to a more considerate boss, warns the Bureau of Business Practice, division of Vision, Inc.

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## ENLIST CLERGY'S HELP FOR PERSONNEL PROBLEMS

■ DON'T OVERLOOK your local clergymen as an excellent source of help when you come up against an especially tough individual personnel problem. There are 250,000 ordained ministers of all faiths in the U.S. and their talents are at your disposal—free.

Personal troubles are a pastor's business. He's been carefully trained in both theory and practice and is experienced in dealing with people and their problems.

The clergyman is not a substitute for a sensitive personnel manager or a staff psychologist. But many people will start talking about their problems only to a sympathetic, objective "outsider," rather than to a "company man."

For example, Presbyterian Minister Hillis S. McKenzie, Bucyrus, Ohio, cites examples where ministerial help has saved jobs, company time and company funds. In one instance a young salesman was in

trouble: quarrelsome with fellow employees, suspected of stealing, his sales record was way down. Convinced that his reputation as well as his job was in danger, the young man agreed to his boss's suggestion that he see a minister. Away from the implied pressure of company surroundings and sure of a private, sympathetic hearing, the salesman told a story of a youthful marriage now headed for the divorce court, periodic drinking and concern over never-ending bills. These worries, of course, affected his attitude toward his job, and toward himself. With the minister's help the salesman and his wife made a start towards solving their marital problems, drew up a budget and began the foundation for a stable life. The man's pilfering stopped abruptly, his relations with employees improved and his sales increased. Within a year he received a promotion.

Another case history involved an executive of a heavy machinery manufacturing plant. Deeply devoted to his wife and proud of his home, this man had no formal religious affiliation. When, very suddenly, his wife died, his world fell apart. Friends and business associates tried to help, but the man's work suffered and eventually he submitted his resignation in the belief that he was no longer of value to his company. Finally, to please one of his friends, he spoke to a minister. After several informal talks, the man was able to renew his courage. His resignation was rescinded and he does his job as well or better than before and takes pleasure in his career.

Ministerial counseling is no sure cure, but it has worked in thousands and thousands of cases. Your local clergymen represent a pool of human resources; use them. The church on the corner can be of invaluable assistance to the factory down the street.

## LET EMPLOYEES SELECT OWN SERVICE AWARDS

WORKERS AT ROYAL MCBEE Corp., Port Chester, N. Y., who reach the 25 year mark now have their choice of 11 attractive gifts. Women may select any one of the three



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styles of diamond wrist watches. Men may choose among two difrent pocket watches or four wristwatches. If he prefers, any quarter century celebrant may have a perpetual motion clock or a Royal deluxe portable typewriter.

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#### COST CUTTERS

## TO COORDINATE GROUPS **USE WORK STATEMENTS**

■ IF THE LINES of responsibility between various departments in your company have blurred, work statements may be your answer. When some departments gradually assume duties that do not belong in their provinces, and others begin to drop tasks for which they should be responsible, the result is a costly load of useless and duplicated

Written statements listing the specific work duties of each department, division or section, help to keep an organization in balance. With clear-cut statements of the functions of his particular mangroup, each supervisor knows what is expected of him and what he, in turn, can expect of his subordi-

The Ross-Martin Co. of Tulsa, Okla., has developed nine rules to keep in mind when preparing work statements:

- 1. Write down only the major "work packages" of the department.
- 2. Keep it brief-no more than two pages.
- 3. Start each function description with a verb—the right one.
- 4. Summarize minor duties in one clear statement.
- 5. Each statement should reflect only current activities.
- 6. Do not list such common, universal duties as memo writing, requisitioning, hiring, firing or transfer of personnel.
- 7. Briefly summarize any essential support duties, such as repro-

duction of engineering drawings.

8. Avoid job outlines. The statement should cover the work of the entire group, not specific individuals-not even the department

9. Tie-in with the over-all company organization chart. Use exactly the same work title as that shown on the official work sheet for that

Good work statements provide management with a tool to evaluate the efficiency of specific work groups. Without clear-cut definitions of what each group must do, neither employee nor employer knows what to expect.

#### PROFIT MAKERS

## PROVIDE CHANGE OF PACE FOR ALL EMPLOYEES

■ OTHERWISE GOOD WORKERS often fall into a rut. They may perform their work indifferently, become bored, slipshod, and even look for greener pastures.

To provide a needed change of pace, the Society for Personnel Administration suggests small doses of well planned training. By having each worker attend a one-hour session-say, monthly or quarterly-a firm can combat this lethargy. With periodic sessions for all, employees can be imbued with renewed interest, a sense of challenge in their jobs, goals to be achieved.

Other suggested devices to give a change of pace include field trips, attendance at professional or technical meetings, special assignments, job rotation, and cross training.

## PROMOTE SAFETY BY DRAWING LOTS

A paper mill in Scotland has cut accidents by 41% over the previous year. The improved safety record was accomplished by a simple scheme.

Lots are drawn periodically for prizes at the Glenrothes, Fife, plant of Tullis, Russell & Co. The safety catch-only workers from accident-

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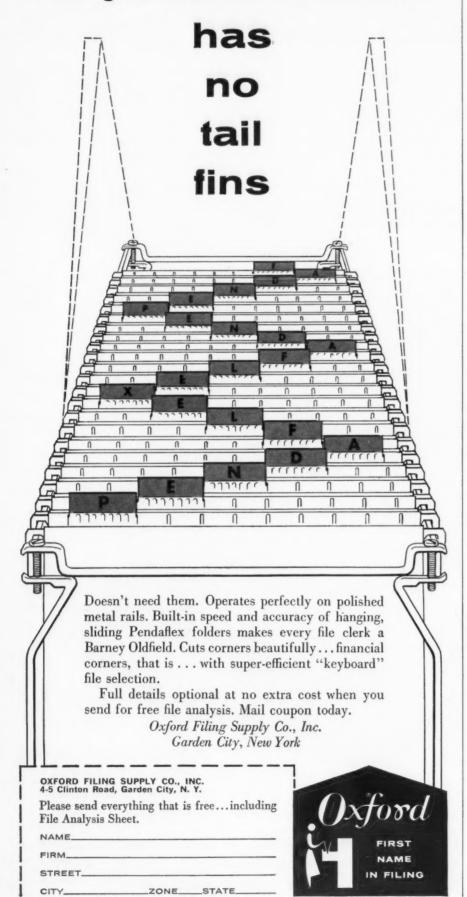


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# Why PENDAFLEX®



free sections of the plant can participate in the drawing. To have a chance at winning a prize, employees in the powerhouse need 12 straight weeks of no accidents. Workers in the mills need to be accident-free for only eight weeks.

Retired foremen are invited to give employees hints on accident prevention — and take part in the draw.

\_\_\_\_\_\_

# PLAY ACT ARBITRATION TRIALS BEFORE HEARINGS

■ ONE LARGE MANUFACTURER had a consistently poor showing in labor arbitration decisions. To reverse this unfavorable trend, the industrial relations vice president decided role playing would turn the trick.

Here's how he used the drama action technique:

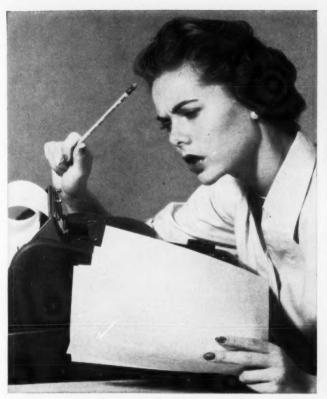
Several weeks prior to any arbitration hearing, all company participants are assigned pre-trial roles. Main objective: foreknowledge of all management and probable union arguments, plus the arbitrator's viewpoint. Armed with this information, a tightly knit case is enacted to present the company's position in the most favorable and convincing light.

Before the play, each member is given all data he normally receives prior to an actual arbitration session. Each is briefed on known union arguments in similar cases, arbitrator's opinions and decisions that followed.

Roles are rotated several times during the series to develop to the utmost each point of view—arbitrator, union, company. This actor rotation plan unearths further facts and ideas to strengthen the company's case.

Side benefit of this pre-role playing: unintentional misstatements and weak rebuttals made by company team members are spotted and guarded against.

End result: at the first actual arbitration following the play enactment, the company's case went off without a hitch. Most important—a decision in favor of the company. Naturally, role playing will be scheduled prior to all future arbitration cases in this company.





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PLEASE ATTACH COUPON TO YOUR BUSINESS LETTERHEAD

(Circle number 126 for more information)

# How to get new sales power

American Motors has won its gamble in the small car market. But before placing its stakes, the company took actions to strengthen its odds. One management action was to rebuild the dealer organization entirely. This article reveals the details of how it was done. You will find ideas here that your own company can use.

How American Motors Corp. moved from big loss to big profit last year is a story that is now well known.

It is basically a story of a company's ability to foresee a shift in the market—i.e., to small cars—and move fast to capitalize on this shift.

George Romney, president of American Motors, has been credited with this foresight, and with the fast positive management action that followed it.

But when a company moves from a \$12 million loss one year to a \$26 million profit the next, it is clear that more than one man is responsible, as Romney himself points out.

One of the key men responsible for the American Motors profit picture (see chart) is Roy Abernethy, vice president of automotive distribution and marketing. His job was to tear down and rebuild the company's floundering, apathetic, overlapping dealer organization so that it would contribute to, rather than detract from, American Motors' sales strength.

The methods Abernethy has used to accomplish this task are set forth in this article. They are the kind of methods that will probably work for your company too, if you face the problem of strengthening your dealer organization.

The methods will be more meaningful if you look first at the specifics of the problem and the man who tackled them.

#### THE PROBLEM

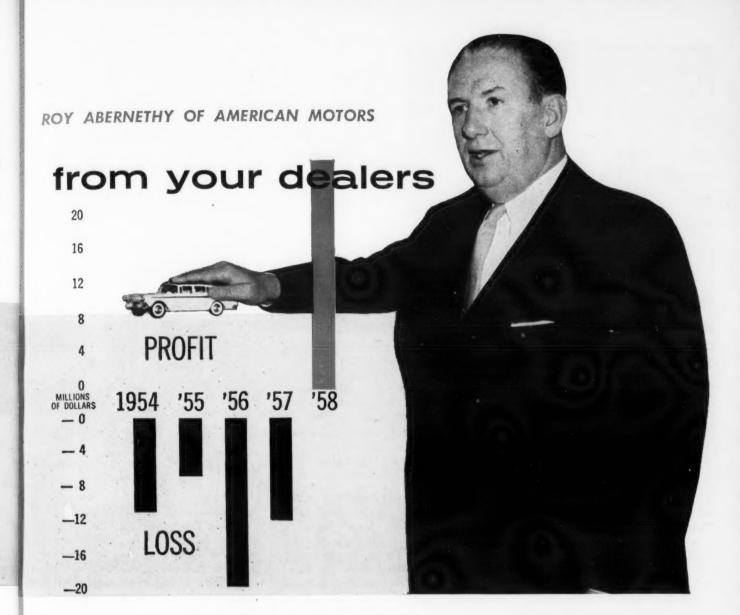
■ When Roy Abernethy joined American Motors Corp., in Octo-

ber, 1954, this was the company's position:

Formed May 1, 1954 by the merger of Hudson Motor Co. and Nash-Kelvinator Corp., the fledgling corporation faced a formidable array of internal and external problems in meeting Big Three competition.

To even the most casual observer it was evident that American Motors was having a tough struggle. It was losing money rapidly, had passed a dividend and was in debt to the banks and an insurance company to the tune of \$65 million.

Diminishing public confidence in the company's chances for success was reflected in shrinking sales of the compact Rambler and the senior Nash and Hudson cars. The merger had been interpreted by



the public as an act of desperation. Buyers avoided dealer showrooms in increasing numbers. Few were interested in purchasing a car that might end up an orphan.

Rumors flew that American Motors was to be taken over by another automobile company, by a combination of parts companies, by bankers, or by any one of several larger firms. Almost daily, the company was given a mock burial by nationally syndicated financial writers, which generated further skepticism about the firm's chances of survival.

Both Nash and Hudson had enjoyed good profits in the lush postwar selling years when the public eagerly gobbled up cars as fast as manufacturers could roll them off the assembly lines. But the return

of the buyer's market in the early 1950's and the sales blitz of 1955, in which volume was king, seriously hurt the independents and the middle bracket makes.

In addition to tremendous production capacity, Big Three makers had developed a high degree of interchangeability of components. This permitted them to take one body shell and use it as the basis for several cars. With this formula, it is possible to spread the cost of tooling and manufacturing over a much larger volume. The merger of Nash and Hudson was conceived by George Mason, first president of American Motors, as a means of gaining the same advantages of interchangeability.

Mason's death on October 8, 1954 came before the consolidation of Hudson and Nash facilities had been completed. He was succeeded as president by hard-driving George Romney, then executive vice-president of the corporation. At 47, Romney had an industry-wide reputation as an able and imaginative automobile executive. He had joined Nash-Kelvinator in 1948 as Mason's administrative assistant. Previously, he had served as managing director of the Automobile Manufacturers Association.

As did Mason, Romney held the firm conviction that the future of American Motors' automotive operations lay in the compact car concept as exemplified by the Rambler. For some time, the living and working habits of Americans had been undergoing gradual change. The shift of populations



"It looked like a long, hard pull, but to me there is no greater satisfaction than putting over a tough sales program."

regional market coverage and location. Zones were staffed by a zone manager, an assistant manager, a parts and service manager, a business manager, and a number of district managers and parts and service representatives.

While internally committed to selling the compact car, the company was walking a merchandising tight rope. The senior Hudson and Nash cars were among the biggest cars on the road. This forced the company's relatively meager advertising budget to straddle product concepts, which weakened the effort to sell the public on the virtues of the smaller Rambler.

Selling the public was the longrange objective. The immediate problem was in changing the viewpoint of the company's own sales personnel. Many were apathetic toward the compact car idea. Exposed many years to the "big car" thinking that dominated the industry, they saw little chance for the Rambler to succeed when other U.S.-built small cars had failed to win public acceptance.

Nor was the dealer body sold on the sales potential of the Rambler. They wanted a car that would compete head on with Ford, Chevrolet and Plymouth. Most dealers subscribed to the traditional industry theory that the American car buyer had always wanted and always would want bigger and more powerful cars. From available evidence, there was little reason to think otherwise. In 1954, U.S. registrations of compact and smaller cars, including the Rambler and foreign-built cars, totaled only 70,000 units.

The company's slender share of the market diminished further in the sales "blitz" period of 1955

to suburban communities, the decentralization of business and industry and other significant factors pointed to a developing market for smaller, more practical cars. There was ample evidence that the motoring public was becoming disenchanted with the over-sized, chrome-laden, octane behemoths that jammed the nation's highways and parking lots.

The gathering signs of changing transportation requirements were generally ignored by the industry. Cars continued to grow longer, wider and higher-powered. Sales of small foreign-made cars began to pick up, but the 22,000 imports sold in the U.S. in 1954 were of scant interest to an industry geared to produce and sell eight million cars annually.

#### A race against time

Convinced that the automobile market was on the threshold of a vast change, American Motors in late 1954 embarked on a long-range program of selling the compact car. It was a race against time. Capital reserves were dwindling fast. There was a tremendous job of re-organization and consolidation to be com-

pleted before the company could take its place as a serious contender in the automotive market place.

Not the least of American Motors' problems was its duplicate dealer structure resulting from the merger. Nash and Hudson dealers overlapped in sales areas. In some cases, they competed for sales on the same street. Product lines also overlapped. Nash sold the Statesman in the medium price range in which Hudson dealers offered the Wasp. In the upper medium range, Nash had the large Ambassador which compared to the Hudson Hornet. Both dealer groups had the compact Rambler in the lower price class.

Not only was the duplicate dealer setup costly to operate, but the company's low volume – less than 2% of industry—was insufficient for two dealer systems.

Imposing a further strain on the corporation's finances were the duplicate sales teams within the Hudson and Nash organizations. Each sales division operated independently and maintained separate identity under central management. Each division had 21 zone offices which were virtually identical in

in which Ford and General Motors waged an all-out battle for first place in registrations. Caught in the competitive squeeze, independent dealers watched their profit margins vanish in the destructive pricecutting that swept the industry. Few Nash or Hudson dealers were geared to the high volume selling required to meet this fierce competition. Many inadequately financed dealerships went under. Some dropped their American Motors franchises and joined the ranks of the Big Three.

Against this turbulent background, George Romney moved quickly to reduce operating costs and build a younger and more aggressive management team. Many key positions in the sales organization were held by automotive veterans nearing retirement age. Others were obviously not geared for the fast pace that lay ahead. Romney's objective was to create a lean, hard-hitting sales organization that was willing to starve a bit in order to reap the rewards of future success.

To a great degree, future success was dependent on building a strong

and confident dealer organization. This demanded leadership by an experienced executive who held the respect and confidence of dealers—a man who could talk the dealers' language and orient them to selling the compact car. Few men in the industry possessed these qualifications.

One was Roy Abernethy. He was invited to meet with Romney in a Detroit hotel room on a crisp fall day in 1954.

#### THE MAN

■ Roy Abernethy, 47, was vicepresident of sales for Willys Motors. He had an established reputation as a man who liked to tackle tough sales jobs. Starting in the automobile business as an 18-centan-hour mechanic with a Packard dealer in Pittsburgh, he had worked into sales and up through the ranks with Packard Motor Car Co.

Abernethy had held virtually every sales job in the automotive field from retail floor salesman to general sales manager. In addition, he had owned and operated a successful Packard dealership in Hartford, Conn., where he racked up

more than \$1 million in sales in a single year.

His background and personal knowledge of dealer problems and his reputation for fair dealing were well known in dealer circles. He had seen service with two independent manufacturers and was intimately acquainted with the role of underdog in the competitive wars.

Romney offered Abernethy the post of vice-president of sales for the Nash Division of American Motors. Abernethy was well set at Willys, but he was intrigued by the challenge offered by American Motors long-range plan to outflank the Big Three with the Rambler.

"The persuasiveness of George Romney and his fervent belief in the future of American Motors and the smaller car were difficult to resist," Abernethy says. "It looked like a long, hard pull, but to me there is no greater satisfaction than putting over a tough car sales program."

#### THE JOB

■ Abernethy's first move on joining American Motors in October 1954

The Dealer Advisory Board was not conceived as a grievance body, but for the exchange of sales knowledge and ideas.



was to make an analysis of the Nash dealer organization, pinpoint its defects and determine what had to be done to propare for the allout push on the Rambler. This is what he learned:

Of Nash's 1,500 dealers, only 12% were selling at a rate of 100 to 250 cars and up annually. The bulk of the dealer body—88%—was in the 25 to 100 car range. A relatively small segment of dealers—12%—was selling 44% of total volume.

The urgent necessity of upgrading the dealer group was apparent. Abernethy set a target date of June 1, 1955 for signing 225 new dealers. This would provide the dealer strength needed to increase sales potential to 100,000 units annually, which was 20,000 cars over the 1954 travel rate.

Considering the company's relative weak market position, this was a big order to fill. To raise the average sales potential per dealer to the required level called for concentration on signing new dealers in the major market areas—those in the 200-car and up volume class.

"We realized that we needed an attractive package to offer in order to attract the type of dealers we wanted," Abernethy says. "We wanted quality dealers, those with

good facilities and locations for new car sales and service. Our chances for bigger volume were only as good as the dealers we signed."

Taking a close look at the financial position of Nash dealers, Abernethy found that 20% were inadequately financed. Of adequately capitalized dealers, approximately one third were losing money. Of the total checked, little more than half were operating profitably.

What he saw convinced him that an exhaustive investigation of dealer operations was necessary. Before building at the top end of the dealer group, he had to be sure that the base was solid.

Building sales management. Before tackling the dealer situation, Abernethy streamlined his division's management and redefined areas of responsibility. His aim was to develop a flexible, highly coordinated team system that could cover a lot of ground fast. The obvious answer was a direct line management keynoted by simplified procedures.

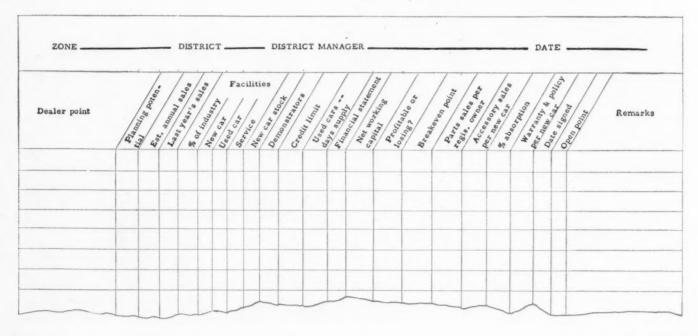
He consolidated some jobs and tightened the division's basic organization structure. He selected his people carefully, promoting from within where possible, but reaching outside for qualified executives when necessary. Two former Packard associates were selected to head key posts. One was John W. Raisbeck, quick-thinking, fast-moving expert on financial matters, costs and accounting. Another was Fred W. Adams, former Packard advertising manager.

Raisbeck became Abernethy's administrative assistant and assistant general sales manager. Adams was named director of advertising and merchandising.

Parts and service being a vital area of auto sales, Abernethy needed a man who knew the Nash situation and problems inside out. There had been little emphasis on parts and service sales (which can often spell the difference between profit and loss in periods of reduced car sales). To fill this important post, Abernethy tapped C. M. Tillinghast, who was then in charge of the service school. Tillinghast was named parts and service manager.

V. E. Boyd, intelligent and likeable young executive who had been working on dealer development, was made an assistant general sales manager. Like Abernethy, Boyd was familiar with the ins and outs of corporate and dealer operations.

Figure 1. A master check list was drawn up covering all important phases of dealer operation. The check list provided for each dealer to be rated on 21 items. The form provided an at-a-glance picture of dealer strengths and weaknesses.



p

Before joining American Motors, he had operated dealerships in Iowa and Nebraska.

Lester W. Stevens took on the duties of director of dealer development. Stevens had served in dealer development with several auto makers, and was thoroughly acquainted with the national scene.

James W. Watson, veteran field sales and factory administrator, was named special assistant to Abernethy. Later, he became sales manager for the Metropolitan, the company's small, English-built im-

With such men, and others equally qualified, Abernethy had an experienced and well-balanced management team with which he could move into the field and attack the apparent deficiencies of dealers and the zone sales organizations.

The field. Over the years, Nash's field sales organization had developed layers of fat and a resigned attitude about the independents's small share of the car market that remained when the Big Three had finished splitting up the bulk of sales.

Examining the zone sales setup in detail, Abernethy found a total of 390 people engaged in administration, car distribution, business management, parts and service and miscellaneous duties. In many cases, zone administration was inefficient or indifferent. Pay scales were often lower than the industry average, and there was a high rate of turnover in key positions.

For example, he found that district managers, the company's immediate contact with dealers, were not accorded proper status in the sales lineup. Of 93 district managers, only 10 were being paid within the normal competitive salary range. Of the total, 70 were new men hired during the previous year. The heavy turnover—almost 75% a year—was a major roadblock to good dealer relations and sales performance.

Parts and service merchandising efforts were poor, and the organizational setup of warehousing for parts and accessories was unrealistic from the standpoint of efficiency and cost.



"Our chances for bigger volume were only as good as the dealers we signed."

Division managers supervising the zones were functioning mainly as coordinating mediums with illdefined authority over zone operations. In some instances, zone managers were men capable of good performance with proper leadership and support at the factory level. Others had been "in grade" too long and had developed complacency to a high degree.

There was a notable lack of uniformity and coordination among the zones. Even the matter of traveling expenses was not clearly defined. Reporting procedures were random and there was no system for rating operating efficiency or performance.

Getting the job done. Abernethy and his associates spent many hours discussing and planning the best approach to the dealer and zone situations. Time was short. They needed to move quickly to correct deficiencies in both areas. What was the best method of evaluating and reorganizing the zone operations? How could the exact status and performance prospects of each dealer be determined?

It was decided the job could be done simultaneously through a series of conferences in each zone. A master check list was drawn up covering all important phases of a car dealer's operation (see Figure 1). Opposite each dealer point were listed 21 questions which, when completed, would provide an at-a-glance picture of the dealer's strength and his planning potential. Check points included the dealer's past sales performance, his current travel rate, credit limits, working capital, his breakeven point, percentage of absorption, his showroom facilities and new and used car stocks.

Parts and service and accessory sales were also noted. Were there ample demonstrator cars on hand? Were used car facilities well located and lighted? Was the service department clean and well equipped? Were signs properly displayed?

The check lists would serve a two-fold purpose. Not only would they provide an accurate blueprint of the dealer group; they would quickly reveal the awareness and knowledge of each zone and district manager about their dealers.

Some of the facts were already known from the financial statements submitted by dealers. But

(Continued on page 86)

# How to sell the prospect

There are proven ways to bring a procrastinating prospect to decisiveness. The first step is to understand the reason behind his desire to put off a decision. Then apply one or more of the 14 methods described here.

who
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to think
it over

"I'll think it over."

Those words have plagued every man on your sales force.

It's a common scene: everything has gone smoothly, the salesman has told his story, dramatized the benefits, asked for the order. Then—the letdown: "I'll think it over."

The prospect hasn't flatly refused, but neither has he agreed to buy. He has simply postponed making a decision.

There is seldom a compelling reason for this need for extra time. The prospect's postponement may mean that there is some area in which he hasn't been completely sold. It may signify some hidden misgiving about the proposition he has been offered. It can even be a smoke screen for some intensely personal reason for not buying.

Under such circumstances can the salesman still try for an on-thespot decision?

"Unquestionably yes!" say the men who habitually do it.

Here, culled from their experiences in a wide variety of fields, are 14 of the very best ways.

#### 1. Ask "Why?"

"'I'll think it over,'" says Louis Axler, an assistant sales manager with Metropolitan Life Insurance Co., "is almost always plain subterfuge on the part of the prospect, a veil he's using to cover up the real reservations in his mind. The salesman's job is to pierce that veil and get the objections out in the open, where he can deal with them.

"Whenever I'm tossed that one, I say, 'Let's think it over together. While I'm here, I can give you the benefit of my experience and answer any specific questions you may have.' Such an invitation, reflecting a genuine desire to help, not only disarms the prospect; it encourages him to bring his real doubts and objections forward. And I can usually answer them to his complete satisfaction."

A top salesman for a sanding machine manufacturer finds that sometimes the "I'll-think-it-over" reaction indicates that a potential customer doesn't know himself exactly what his true objections are. By asking. "Why?" the salesman helps the prospect resolve his own uncertainties, pins him down to specifics, overcomes them — and frequently buttons up the sale right then and there

Another, the sales representative for a cable manufacturer, is astonished by the variety of reasons smoked out by his innocent "Why?"

"Once," he recalls, "it turned out that the purchasing agent I was by Ted Pollock



dealing with was slated for promotion to vice president. With this promotion imminent, he was frankly afraid of upsetting precedent—in this case, changing from the cable his company had always used. My reply uncapped his pen like a magnet. Tactfully, I suggested that by giving me the order, he would demonstrate the kind of decisiveness that would underscore his qualifications for promotion."

#### Cite a special inducement for making the decision now.

"Order today and you can have delivery within 48 hours." "This week only we're offering a 3% discount on all orders." "The older you are, the higher the premiums." "Prices are going up on the 15th." "This model is going fast; demand is beginning to outstrip production." "Our national advertising campaign is breaking on the 10th—I can still get stock to you in time to meet the initial demand."

Any "bonus" that you can truthfully offer a prospect for buying now can tip the scales in your favor.

#### Prove that the prospect can afford to buy.

The man who says, "I'll think it over" may not be sure that he can afford your product. Dramatize the savings, the small investment, the self-liquidating features of your plan, the addition to his net worth.

"By installing our intercommunications system in your offices," says one salesman, "you largely eliminate the expense—and time-lag—of interoffice memos."

Richard Tobias of Connecticut Mutual Life Insurance Co. asks the "think-it-over" prospect what he spends each day on cigarettes, then explains, "For *less* than that, you can guarantee yourself \$10,000 on your 60th birthday."

# "You're paying for it anyway."

One company rests its case on the motto, "The man who doesn't own one is paying for it anyway."

How about you?

Can you cite some impressive figures on what your prospect's present inefficiency, labor expenses,

lack of stock, discomfort is costing him—a cost that an immediate order will lower or eliminate?

"Think it over by all means," answers a salesman for a fuel company, "but I'd like to point out that every 'thinking day' is costing you \$14 in avoidable fuel bills."

#### Assure him that he won't be making a mistake.

When a man wants time for thought, it may be because he is concerned over what the brass will say about his purchase. Or his partner. Or his wife.

A. J. Zemel, vice president, Premier Peat Moss Corp., suggests: "Do a little judicious name dropping. Show the prospect testimonials and give him other proofs of purchase by people whose judgment he respects. If you can show him a \$100, \$1,000 or \$10,000 order from a leading firm or citizen, he's bound to feel more secure about his buving judgment. Everybody likes to back a winner. Prove that your product is in demand by the pacesetters in your field or community and you'll spur positive action from the man who keeps looking over his shoulder."

Suggests another large-company executive: "A smart salesman finds out whom the buyer must answer to for his purchase, then volunteers to help sell *him* on the decision to buy. He suggests, 'Why don't we visit the president (or your partner, or your wife) together? That way, maybe we can clear up any special questions he (or she) may have.' In other words, the salesman offers to help the buyer 'spread the responsibility' for his decision to order."

# 6. Congratulate him on his caution.

"This certainly represents an important investment for you and I can understand your wanting to make the wisest possible decision. The wrong product (service, line, policy) could easily cost you \$500. The right one could just as easily save (make) you \$1,000. And this is the right one because..."

By apparently agreeing with your prospect's position, you subtly ally yourself with him, at the same time creating an opportunity to re-emphasize the benefits of your product.

# 7. Help the prospect shrug off his "guilt complex."

Urge him, "Be good to yourself—you deserve the benefits of my product or service." Most of us fancy ourselves martyrs who must do everything for our families and very little for ourselves. Given the least self-justification for buying, a prospect may give you the green light.

For example, a potential customer may have been born on "the wrong side of the tracks." Even though he is now enjoying a higher standard of living, he may suffer from a gnawing suspicion that it's somehow "wrong" to spend so much money on a beautiful lawn . . . labor saving tools . . . a convertible. Your assurances that he "deserves" the benefits of your product may strengthen his sense of justification.

#### 8. Ignore it.

Sometimes, "I'll think it over" is merely a verbal shrug of the shoulders, not to be taken seriously. In such a case: keep talking. Your very next sentence may close the sale.

#### 9. Create a sense of obligation.

With the man who wants to "think it over," the pro's and con's of your proposition may be weighing about evenly. Your job: to build up the positives so that they outweigh the negatives. One way to do this is to get your prospect into "psychic debt" to you, either by doing something for him or by getting something that has some value into his hands.

Some favorite approaches: "Then I'll reserve two gross for you—to make sure it will be available when you give us the order." "Let me write up the order and leave it for your signature. You can mail it in when you decide." "I'll ship those samples to you right away." "In the meantime, let's see if you're qualified for the policy." "Why not insure it with a small deposit?"

William A. Garrett, sales engineer, Long Lines Department, American Telephone and Telegraph



# Indecision is a decision — to postpone a problem. But there are ways to sell the procrastinating prospect.

Co., likes to make a new appointment on the spot, then brings another man along to the interview. "The fact that I've taken the trouble to arrange for a visit by one of our specialists," Garrett explains, "frequently gives me just the psychological edge I need to get a favorable reply."

# 10. Find out if you're talking to the right man.

Are you sure he has the authority to buy? Many times, the man who seems to be the right one is merely a "screener" or "buffer" who may hate to confess the limitations on his authority, hence says, "I'll think about it."

There are several ways to find out who signs the orders at a company. Your own sales manager may know. Other, non-competitive salesmen who serve the firm can tip you off. If you are delicately discreet in your inquiry, the company's receptionist can be a well of information. Various credit rating reports are yours to draw on.

When you do find out the right man, however, be sure to contrive some way of seeing him without alienating the "buffer."

## 11. Use the "rivalry stimulus."

Every businessman has a built-in sense of competition. Use it to trigger an immediate decision: "Then I'll hold off making it available to anyone else in this area." "I'll try to postpone that appointment with the Acme Co." "We've received four inquiries from this neighborhood. Suppose I stall them off for 48 hours?" "You might be interested to know that Jones down the block has already ordered."

# 12. "Is there anything special we can do for you?"

Lurking behind the "I'll-think-itover" stall could be the desire for a concession of some sort. Find out what it is—maybe you can oblige.

For example, a salesman for a floor cleaning machine company was having a tough time getting his product adopted by a certain bakery. When the owner finally said, "I'd like to think about it," the salesman countered with, "What exactly can we do for you?" It turned out that a competitor had guaranteed the bakery that his company would make maintenance checks on the machine at three-month intervals for a year at no additional charge. When the salesman said that he could match the offer and volunteered to put it in writing, he got the order.

## 13. Offer guarantees.

Every company that offers a money-back guarantee on its product does so confident in the knowledge that only an infinitesimal fraction of the public will ever take advantage of it,

The principle is a sound one. People hate to part with things once they have them. Put that human quirk to work for you. If your product or service lends itself to such an agreement, offer a free trial period during which the prospect can actually experience the benefits you have been talking about. Come decision-making time, almost certainly he will buy.

"Use it for a week, at no obligation," offers a salesman for an air purifier concern. "If you aren't more than satisfied, we'll take it back, no questions asked." He seldom has to pick up a purifier.

"Wouldn't it save us all a lot of

time if you were to okay the deal now," asks an insurance agent, "with the understanding that you can cancel within one week if you should decide otherwise?" In a surprising number of cases, that cinches the sale and only rarely does the prospect ever cancel.

# Sell the satisfaction of making a decision.

Most people are procrastinators. They hate to make decisions. But help them make one and you accomplish two things: you make them pleased with themselves for getting something constructive done and pleased with you for not having wasted their time.

"Wouldn't today be a good time to get this settled and off your mind?" sounds simple, but it can be most effective.

A salesman for a highly specialized editorial service finds this approach works: "I wonder, Mr. Prospect, if you haven't had the same experience as I—that more is frequently lost through indecision than through a wrong decision?" Then he goes on to prove that it is better to go through with something that meets 75% of your requirements and will get results than to hold out.

"In a sense," answers another man, "indecision is a decision—a decision to postpone solving a problem. Now, while everything is fresh in your mind, why not weigh the pro's and con's and come to a profitable decision?"

15th way Sometimes, Uncle Sam can help you convince the undecided prospect.

Depending on what it is you're selling, it is frequently possible to prove that an immediate order can save the prospect cash by enabling him to write off part of the purchase price as depreciation. The later in the year he buys, however, the smaller the percentage he can deduct for that year.

It's logical, legitimate and legal.

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MAY 195

These NLRB cases reveal

1 We to avoid in labor relations

Costly trouble with the National Labor Relations Board can come your way whether or not your company is unionized. Even an attempt to help a union can be a mistake. To avoid trouble, know the rules on what you can and cannot do or say. These factual cases flag hazards in your labor relations path.

Your employees are talking union. You've never had one, and you feel you're better off that way. But now the grapevine tells you a union organizer is here, calling on your employees in their homes, holding small meetings.

What do you do? Call in a few "reliable" employees, get the names of the malcontents and fire them at once? If not that, do you give everybody a raise and stretch out the coffee breaks in the hope that this largess will persuade them they don't need a union? Or, at the other end of the spectrum of manage-

ment reactions, maybe you decide, "Well, if a union's what they want, I'll help them get it."

Be careful. Any of these paths may contain pitfalls of trouble with rules of the National Labor Relations Board.

Or maybe you're dealing with a union already, and you coexist peacefully with the business agent or local president. You've found him reasonable at the bargaining table. To keep him that way, you've always tried to see little day-to-day matters his way. But don't let these calm relations lull you into believ-

ing you're immune to labor trouble. Employers often run afoul of the N.L.R.B. almost by chance.

You might get off with a mere reprimand. But an N.L.R.B. decision can make you fork over thousands of dollars in back pay for employees you have misused, however innocently. Since the Taft-Hartley law was enacted in 1947, employers have had to pay out more than \$10 million in back wages for individual employees.

And the five-man board is now concerning itself with the labor relations of tens of thousands of busi-



Don't hire a spy

ness firms that once were considered too small to bother with. The N.L.R.B. recently broadened its jurisdiction to include these smaller concerns. Congressional moves constantly threaten to change the Taft-Hartley law, forcing the board to assert even wider jurisdiction.

Thus regardless of your size, your conduct when union talk is in the air grows more important. Offhand remarks you make often are examined critically to determine the motive behind your actions—to determine whether you've broken the law.

Here are some recent cases that came before the board, each involving a different labor relations problem. The names have been deleted, but these are real cases, just as they developed, with the pitfalls that tripped up employers.

#### PITFALL NUMBER ONE:

#### Don't try espionage

■ When the personnel manager of a Missisippi company recognized a labor organizer in town, he warned his foremen to keep alert for union activity. One foreman had an even better idea. He had a friend, he told the manager, who could be put to work in the plant as a spy.

Delighted, the manager hired him. Shortly, the spy reported he had made contact—a fellow employee had invited him to a secret union meeting in a motel outside of town. After that meeting, and every meeting for eight months, the spy reported to the manager. He gave the names of employees who attended meetings. He told who signed union cards and what plans the union made. The manager used this intelligence to fire union sympathizers his spy named. Employees were warned that the company would know the next day if anybody joined the union.

Later, when the union complained to the N.L.R.B., the conscience-stricken spy told the whole story.

The board directed the company to rehire the employees and pay them in full for wages they lost. The company was ordered to stop spying on employees' union activities. And, the government directed, notices must be placed in every pay envelope advising employees that they were free to join any union they wished.

#### PITFALL NUMBER TWO:

## Don't fire union sympathizers

The owner of a company in Texas tried the bold approach when his employees began talking union. Records don't show how the owner found out, but he fired 13 of his 30 employees two days after they signed union cards. He never gave them any reason. At the N.L.R.B. hearing, the owner said he fired the 13 because business was slack. His story didn't hold water, however, because payroll records showed he had hired 13 replacements immediately. The board ordered him to re-

hire all the employees and pay them back wages for the period they were off work. That hurt, because the 13 replacements also had been drawing wages for the same period.

A more sophisticated approach by another company failed, too. To build a legitimate case against two employees suspected of unionism, the manager had their foreman conduct "tests" of the quality of their work. Figures on the two suspects were accurate, but false figures were supplied for others in their crew to make it appear that the suspects were poor workmen. They were fired. The plan failed when, at the board hearing, their foreman admitted under oath that the test was false; a quality control man in the plant testified the falsified test scores were ridiculous; and a stenographer told how, when a board examiner was in the plant, she hurriedly typed a report of the "test" and predated it to make it conform with the date of the firings.

#### PITFALL NUMBER THREE:

#### Don't abdicate to the union

■ An employer in New Jersey offered a man a job on one condition: that he clear his employment with the local union that had a contract with the employer. The man took the job and five times went to the union offices to get clearance. Each time, the union president was too busy to see him. Eventually, the employer let him go, explaining that the employee had never obtained clearance.

The N.L.R.B. was irate. By conditioning the worker's employment on his ability to get clearance from the union, the board found, the employer illegally discriminated against him. It is unlawful to let a union determine what job applicants will be hired, the board declared, because it coerces them into joining the union. The employer "thereby placed the union in control of his hiring and has abdicated such function to the union," the board found.

It was a costly violation. The board not only ordered the company to stop letting the union control
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#### IS YOUR COMPANY UNDER NLRB JURISDICTION?

According to recently revised standards, you are under the jurisdiction of the National Labor Relations Board if your company is:

Non-retail, and has an annual outflow or inflow of at least \$50,000 worth of goods or services, directly or indirectly. (A direct transaction is one with an employer outside your state. Indirect outflow means sales within your state to users who, through their gross volume or direct transactions, are under board jurisdiction. Indirect inflow is the purchase of goods or services originating outside your state, but purchased from a seller within your state.)

Retail, and does a \$500,000 gross volume of

business annually.

An office building, with a gross revenue of \$100,000 of which \$25,000 or more is derived from organizations that meet any of these standards. In intra-state transportation or other local

activity that constitutes a link in the chain of interstate commerce, and receives \$50,000 from the linkage part of the enterprise; or receives \$50,000 for services performed for employers who are engaged in inter-state commerce.

A public utility that does \$250,000 gross volume, or meets the above standards for non-retail establishments.

A transit system doing \$250,000 gross volume. Radio, television, telegraph or telephone concern with \$100,000 gross volume.

A newspaper with \$200,000 gross volume. In national defense work, and judged by the board to have a substantial impact on national defense

In an employer association that bargains with unions on behalf of association members - if the total of the members' business volume meets these standards.

trol its hiring. The discharged worker was ordered reinstated, with back pay. As further punishment, the board ordered the union and the company jointly to pay back to all of the company's emplovees all union dues, initiation fees and other money collected by the union under their illegal hiring arrangement.

The same kind of fate can befall an employer who is not careful about his foremen. A newspaper publisher left it up to a mailing room foreman to hire mailers. But the foreman, it was agreed in the union contract, had to be a member of the union. And the union's bylaws, made a part of the contract, bound all members to give jobs to fellow members first. The board found the employer thus discriminated against non-union men. Again, the union and the company had to pay all employees all the dues and initiation fees they had paid to the union since the illegal contract went into effect, even though the company got none of the money in the first place.

# PITFALL NUMBER FOUR:

### Look out for "spontaneous combustion"

■ There was no union in a Wisconsin machinery plant, but the N.L.R.B found the company guilty of union-busting anyway. It happened when a new foreman was put in charge of a work crew in the plant. One of the workmen threw down his tools and declared, "I will never work for that twofaced . . ." Fifteen employees went at once to protest against the foreman to the manager, with four of them acting as spokesmen. When the manager told them the choice of foreman was management's business, not theirs, they agreed to return to work. Two days later, however, the manager thought it over and fired the four spokesmen. But the labor board has ruled that even though no formal union exists, when workmen go together to discuss grievances with management, they "constitute themselves a labor organization." By firing the four men, the board ruled, the company interefered with their rights to organize. The board ordered the company to reinstate all four and pay them back wages for the time they lost.

# It's illegal to clear hiring with the union



# PITFALL NUMBER FIVE: Avoid bargaining "gimmicks"

 Bargaining sessions began promptly, as the law requires, when the employees of a North Carolina furniture company joined a local unit of the carpenters' union. Most issues were settled in a series of

### HOW TO AVOID INNOCENT VIOLATION OF LABOR LAW

You can break the labor laws inadvertently in an endless variety of ways. Some of the ways are illustrated in the accompanying article. Employers and unions alike stumble across new ways to do it all the time. To avoid danger, keep the following basic guides in mind:

The law guarantees workers the right to join or form labor organizations of their own choosing. The board would like to have them make up their minds in laboratory conditions, free from all outside influence. Anything that interferes with their free choice is a violation. During a union organizational campaign, it would be wise to view every personnel move or statement you intend to make in the light of these principles.

On the other side of the coin, workers are also free not to join any labor organization. Anything you do to coerce them in that direction is a violation, too. (The exception is the union shop agreement. This is a contract between a company and a union that clearly represents a majority of the employees. It requires every employee to join the union within 30 days. Enforcing this contract is legal in some states.

But it's not enough that you alone understand these principles. You're responsible, too, for any violations committed by your supervisory employees. They should be warned periodically, with a proper record made of the warning, that they must not in any way threaten reprisals or promise benefits to employees to interfere with their right to join a union. If you doubt that your supervisors can observe the warning, far better to direct them never to discuss unionism at all with

any employee.

Are you forbidden to say anything against unionization? No. The law entitles you to seek to persuade employees not to join. You may state your reasons for opposing a union. But again, beware of threats or promises, whether open or veiled. Real evidence of vice or corruption in the union, for example, can be called to the employees' attention. It would be best to make your appeals in employee meetings or in leaflets, rather than in private, individual talks that might be misconstrued as interrogation. Keep a record of what you say. And make certain that you don't deny the union spokesmen an equal opportunity to state their case, too.

If you feel you must fire an employee in the course of a union campaign, make certain you are firing him for cause. Be honest with yourself. Be sure it's a real cause, not something you dreamed up to cover simple animosity toward the union. Be prepared to prove you had cause, and that it was something new. An employee whose frequent tardiness has been overlooked for a year can't suddenly be fired when you find out he's talking union-unless you can show flagrant new tardiness or some other current offense.

meetings, but no final agreement could be reached. The company insisted that the contract contain a no-strike clause, including union liability for any injury or damage caused by violation.

Furthermore, the company demanded, the contract should contain this provision: "It is understood that the liability here provided for shall not be confined to the resources of the local union but shall extend to the full resources of the international union, that is, the United Brotherhood of Carpenters and Joiners of America." The local union said it couldn't obligate the international's funds and the company replied it wouldn't sign without that protection.

The stalemate lasted until the union complained to the N.L.R.B. The board ruled that the company violated the law that requires a company to bargain with a union about wages, hours and conditions of employment. It is permissible to bargain about other subjects, if both sides are willing, the board has held. But one side cannot insist on one of these extras as its price for signing a contract. By putting an "or else" tag on the liability clause, the company was in effect refusing to bargain. The board ordered the firm to resume bargaining about proper matters and, if agreement were reached on those, to sign a contract.

# PITFALL NUMBER SIX:

## Check your "no solicitation" rule

■ An employee of a Wisconsin printing company asked permission from management to distribute union cards to fellow employees on company premises. A company official studied the cards, thought it over and finally told the employee he believed it wouldn't be a good idea. But immediately when his shift was over, the employee passed out the cards anyway. He was fired.

At the board hearing, the company contended it had a strict rule of many years standing, forbidding all solicitation in the plant. A company official said all employees were told of this rule when they were hired. But the company executive who did most of the hiring testified that new employees were not so instructed. The rule was not posted anywhere in the plant. None of the employees who testified had ever heard of the rule.

And besides, an N.L.R.B. official noted, evidence showed there were frequent solicitations in the plant, some of them to buy gifts for company officials on special occasions. If any rule existed, the board found, "it was more observed by its breach than by its enforcement."

The board concluded the man was fired not for violating any solicitat tryir ers. rehi lost. com ploy card proj hour In

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citation ban, but because he was trying to unionize his fellow workers. The company was ordered to rehire him and pay him for wages lost. The board also ordered the company to stop "prohibiting employees from distributing union cards or literature on company property during non-working hours . . ."

In another similar case, the board quoted the Supreme Court: "No restriction may be imposed on the employees' right to discuss self-organization among employees themselves unless the employer can demonstrate that a restriction is necessary to maintain production or discipline."

#### PITFALL NUMBER SEVEN:

# Outsmarting the union with raises

after most employees of a Florida firm signed Teamsters Union cards, a company representative called them in one by one for questioning. The company man agreed they needed a raise, but said he couldn't promise anything until the union had been killed. So the employees signed a petition he drew up, stating that they no longer wanted to be union members.

A 14-cent wage increase was announced shortly and the union filed charges. The labor board found that it was unlawful 1) for the company to induce employees to repudiate their union by promising them economic benefit for doing so; 2) to

draft and circulate the petition; 3) to interrogate the employees; and 4) to grant a wage increase directly to the employees in disregard of the union they had chosen to represent them.

The company was ordered to bargain with the Teamsters and to stop any interference with the employees' right to organize.

#### PITFALL NUMBER EIGHT:

# Don't play "union vs. union"

■ In Missouri, the owner of a machine shop questioned his employees and learned some of them had signed union cards proffered by the International Association of Machinists. He fired the employee who had passed around the cards. Four days later, the local office of another union, the International Brotherhood of Boilermakers, got an anonymous call asking a union representative to "talk to the boys" at the same company.

An organizer called on the owner, got prompt permission to talk to the employees and persuaded them to join. It took him only three hours, in a private meeting with the owner, to work out a contract providing: a five-cent hourly wage increase; the owner would pay initiation fees and the first month's union dues for all hands; a dues checkoff system would be installed so the employer, would withhold union dues automatically from all workers' checks and forward the payments to the union.

## Don't overdo kindness



# 1

The Machinists Union complained to the N.L.R.B. In the hearing it developed that the shop owner himself was the man who asked the Boilermakers to visit the plant. He had decided he would rather have the Boilermakers than the Machinists his employees were flirting with.

The board found he had violated the law by assisting one union while combatting another, thus depriving the employees of their right to a free choice of unions. The employer was ordered to withdraw recognition of the Boilermakers and not to interfere with the organizational attempts of any union. He also was directed to reimburse all employees for the dues they paid into the union because the contract he signed with the assisted union was illegal.

#### PITFALL NUMBER NINE:

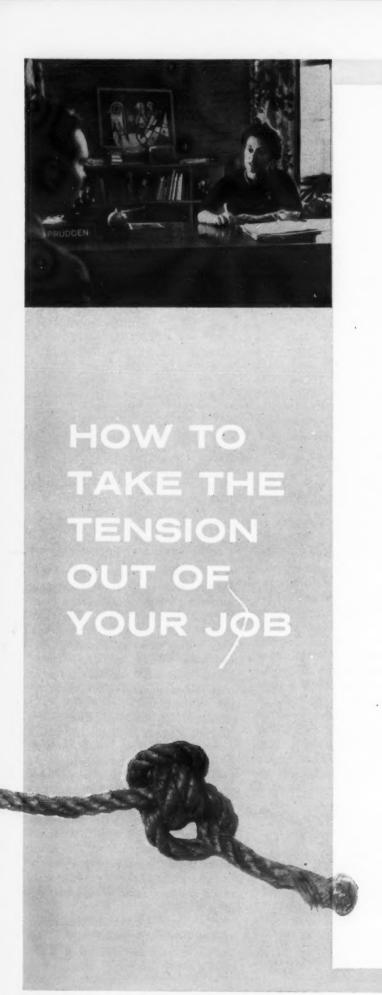
# Don't threaten reprisals

■ Officials of a North Carolina mill learned that some employees were attending union meetings at a nearby cafe. Company executives summoned employees into meetings, and called them individually into executive offices, to talk to them about unionism. Various foremen also talked to employees individually in the plant.

Employees testified they were told such things as these: If a union came in, employees would have to pay their own insurance and would get no more bonuses; some employees would be laid off and the workload would thus increase for the rest; the company would close its doors before it would accept a union; the company would grant raises if the union men got out of town; and that any employees who voted for the union would be "remembered."

The board has established that an employer is entitled to seek to persuade his workers not to affiliate with a union. He may state his op-

(Continued on page 90)



It's not overwork that makes the typical tired executive tired; it's tension caused by lack of exercise.

But how can you, a busy executive, find time for push-ups and knee-bends? You don't have to. The physical fitness experts say you can keep in shape by making a few simple exercises part of your daily routine.

If you are tempted to say—Why bother?—you'd better consider these facts:

■ Twice as many sedentary people as active people have heart attacks every year.

■ The greater percentage of ulcer and diabetes sufferers are inactive people.

 Less active people are more susceptible to emotional difficulties.

■ Of all serious backaches, 80% are the results of muscle deficiency and tension.

■ An unfit person ages faster than a man in good condition.

■ A 50 year old American male has less chance of reaching 60 than men of 15 other nations.

Exercise is not the total answer to these problems, but in almost every case it is a big part of the answer.

#### Flight and fight

Men—even executives—are animals, physiologically speaking. They are thus subject to Cannon's Law of Flight and Fight.

The law says simply that an animal will either run or fight when it is irritated.

Suppose the neighborhood nuisance, Fido, comes over into your yard and starts barking at your Rover. This irritates Rover so he gets up from his nap under the back porch and starts barking back. His system gets a shot of adrenalin. His blood pressure goes up. His fur bristles. His muscles tense. Under

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You can reduce your fatigue substantially, and perform better in your job, when you eliminate the tension that's slowing you down. You reap the added benefits of longer life, better health and more time to call your own. Bonnie Prudden suggests these simple, tested steps to get rid of tension, get more out of life.

the circumstances, he'll do one of two things. Either he will rush out to fight Fido and chase him away, or he will run away himself. In either case, Rover has an outlet, a way to use up the extra adrenalin in his system. When the adrenalin is used up, the tension vanishes and Rover can crawl back under the porch to peacefully resume his nap.

A businessman's system goes through much the same kinds of changes when he is stimulated by irritation or a problem. But the executive's difficulty is that he can't release his tensions the way that a more natural animal can.

When a man gets a particularly irritating phone call, for example, he gets mad and he tenses. He'd like to punch the caller in the nose, but he can't. In fact, he can't even let on he'd like to. He is not allowed to bark at his secretary or show any signs of anger in the office. As a result, he can't release the tension caused by the phone call. Soon the tension backs up into a headache or a backache or an upset stomach.

# How to stop tension before it starts

To keep operating at your maximum efficiency, you should know how to dispel tension before it has a chance to build up and cause damage.

Usually, tension is localized in the neck, shoulders and back. The trick is to loosen your muscles in



"Invariably, the man who exercises daily looks better, feels better, works better."

these areas before they become too tight.

Here are five easy actions you can take to prevent tension from beginning to build:

I. Shrug your shoulders two or three times every time you perform a regular action, such as signing a letter, hanging up the telephone, turning away from your desk.

**2.** Take a deep breath every time you sit down.

3. Lean back and stretch hard at least once every half hour.

4. Place your hands on opposite sides of a doorway and push sideways every time you go through.

5. Bend down and touch your toes every time you get up from your chair. Let your arms and shoulders fall loosely.

Do these simple things regularly enough and often enough and they'll become secondary reflexes, like driving a car.

But what about the self-conscious, status-conscious executive who feels he'd look silly doing things like this in his office?

"I have never yet met a top executive or president of a really big company who had any feeling about status if he set the styles," says Bonnie Prudden, leading authority and columnist on physical fitness. "Young executives might be afraid to exercise in their offices, for fear the boss would see them. But let the man who's respected start the exercising, and the rest will follow."

Management Methods recently interviewed Bonnie Prudden to get

# Daily exercise-a buffer



"Exercise is not necessarily a gymnasium affair," says Bonnie Prudden. "You can exercise all day long in the normal course of your affairs. Plenty of exercise worked into your daily pattern will do wonders for you. And the best thing about it is — it's easy!"

The Let's take an average day," says Bonnie Prudden. "In the morning, a commuter has two miles to go to the railroad station. That's a little too far to walk, so his wife drives him. There's nothing that says she can't drop him four or five blocks from the station and say goodbye. All he has to do is start a couple of minutes earlier to allow time for the walk."



2 "He gets off the train. If his office is less than seven blocks away, he can walk to work. If it's more, he can take the bus to within four or five blocks and walk the rest of the way. He should get that morning walk in whether it rains, snows or sleets."



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# against tension



"Now he's in his building. If he works on the 11th floor, he can take the elevator to the 10th floor and walk the last flight up. I wouldn't recommend walking all the way up because that's too much strain. But if he can build up to walking up two or three flights every morning, so much the better. And the same at night. Instead of riding down, he could walk down the stairs in the time he'd normally spend waiting for the elevator. Walking down is hardly any strain at all."



4 "As soon as he gets in his office, he could close the door and do four or five push-ups and a couple of bends. Many men already do this. Then suppose he has a troublesome phone call. He feels tension starting to build. So he does a push-up in his chair. This uses up the extra adrenalin in his system that has caused tension along his shoulders and back. His muscles return to normal and the tension subsides."



5 "On his lunch hour he should take 45 minutes or an hour. Even clerks get that much. Too many busy men rush through their meals in 20 minutes and then wonder why they get indigestion. Most men have a favorite restaurant or two nearby, but they should find a new one four or five blocks away and walk to it a couple of times a week. After lunch, it's a good idea to take a leisurely walk back. Look at the pretty girls. Any city is full of them. The main thing is to relax when you have the time to relax. Don't make the restaurant a second office."

(Text continued on page 56)





"Tension can be dispelled any time you have a few minutes to spare."

her expert opinion on how executives can take tension out of their jobs. She not only described, but also demonstrated the simple exercises that will help you to look, feel and act fit.

The way to fight tension and fatigue is to get your muscles in condition to withstand the strain of your job, says Bonnie Prudden.

"The executive who thinks he has to set aside an extra hour or so a day for exercise is wrong," she says. "He can work a pattern of exercises into his daily activities and hardly ever notice it."

The kind of executive exercise she recommends consists of pushups, sit-ups, chin-ups, deep knee bends, toe touching and lots of walking.

#### How to exercise in your office

There are numerous opportunities for exercise right in your office.

Many men who benefit from daily conditioning say one of the best times to exercise is the first five minutes in the office.

"As soon as I arrive," one executive explains, "I close the door, take off my coat and do five to 10 quick push-ups. Then I bend down and touch my toes until my back feels loose. The whole thing takes no more than two or three minutes. I find it tones me up for the day."

According to Bonnie Prudden, one of the easiest, most convenient, yet most effective exercises is the chair push-up. It can be used to relieve tension instantly. All you do is place your hands on the arms of your chair and push until your

arms are straight and you have lifted your body out of the chair. Then let yourself down again slowly.

"It wouldn't do a bit of harm for every executive to have a chinning bar in his office doorway," says Bonnie Prudden. Even if an executive can only chin himself once at a time, he'll do at least 20 a day if he chins himself every time he enters and leaves his office.

"This probably sounds odd, and maybe a little foolish to some executives but I'd bet that if there were a chinning bar above Mr. Eisenhower's door, there would be one in the majority of executives' offices in America."

Those in-between minutes are ample time for a few deep knee bends, or a few semipush-ups. To do a semipush-up, lean on your desk at a 45-degree angle, then push yourself up straight. It's not as strenuous as a regular push-up, but almost as beneficial.

Tension can be dispelled any time you have a minute or two to spare—while waiting for a caller to come into your office, for example.

# How to exercise away from the office

You can do a lot to improve your fitness in the time it takes you to go to or from the office (see picture series, pages 54, 55). Use the stairs instead of relying on the elevator. Take a walk after lunch, and walk to the train after work instead of taking the bus.

At home, not so pressed for time, you have opportunities for more

extended exercise. Five minutes of sit-ups, push-ups, toe touching and deep knee bends as soon as you get up will help wake up your whole body and get you off to a good start for the day.

Bonnie Prudden suggests a regular walk after dinner for the tired executive. "No matter how tired you feel, don't sag into that chair in front of the TV set. Get the wife and kids and take a walk in the evening. It'll pep you up and get rid of that tired feeling, and it gets the family together. They get some useful exercise, too."

But, you ask, how much exercise is right for me?

Bonnie Prudden recommends starting easy. "Don't try to climb the Matterhorn on your first hike. Do as many sit-ups, push-ups, or bends as are comfortable for the first few times. Increase the number you do slightly the second week. In what will seem like no time at all, you'll be doing 15 or 20 of every single exercise and hardly notice it.

"The idea is to overload—slowly. If you try to reach your peak performance every time, you'll strain and get into trouble.

"The men I know who exercise regularly—and regular exercise is the key to really keeping in shape—invariably look better, feel better, work better. The men who just sit around getting lumpy somehow just don't feel satisfied with themselves. They're not satisfied with themselves as husbands and their wives aren't satisfied, either."

#### Two misapprehensions

Men in their 40's and 50's often have two common misconceptions:

1. "The best way to avoid a heart attack is to avoid physical exercise."

2. "It may be easy for a man of 30, but I'm too old to get in shape." Both statements are false.

One of the newest theories in

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"Some firms are retiring vigorous executives at 65 when they should be retiring some of the old men of 30."



medicine is that exercise plays an important part in strengthening a man's heart. Heart Specialist Dr. Paul Dudley White says that exercise is a very important factor in recovery from a heart attack.

No doctor, however, recommends over-exertion. Moderate, regular exercise is the important thing.

Regarding the belief that a man of 30 can get into shape more easily than a man of 50, just the reverse is true.

Says Bonnie Prudden: "A man in his 40's or 50's is more accustomed to physical work and exercise because he got it when he was young. Most men in their late 20's and early 30's have had easier, less active childhoods. Consequently, the younger man has to start from the bottom. With the older man, it's a matter of re-conditioning the muscles he already has.

"For instance, it takes me six weeks to put a 40 year old woman into shape today. It often takes me two years to get a 14 year old girl into condition. That's because younger people haven't done much but sit on their seats since birth."

# A company problem

Bonnie Prudden contends that companies are retiring many vigorous executives at 65 when they should be retiring some of the old men of 30. "If a few top executives would take a look at what's crawling up and down the corridors, at

the pool of shapeless people they have to draw their successors from, they'd insist on physical conditioning in two minutes flat."

To test the truth of what she says, step outside your own office as soon as you finish reading this article. Take a good look at the first five men who walk by. The evidence will probably speak for itself.

It's to a company's advantage to advocate exercise. Valuable time and a lot of money goes into the training of a young executive. The better condition a man is in, the longer and more capably he is able to work. The company benefits directly when it gets a good return on its expensive training investment.

"Most executives understand their business operations pretty well, or they wouldn't get very far," Bonnie Prudden says. "They go about their business in a very practical way. But most of them don't understand themselves or their co-workers. If they did, they'd be practical about that end of it too, and keep in top shape. I don't see how a man can do a good job if he's not in good shape."

Getting started and exercising regularly for the first week is not easy. For a time, exercising may require a lot of self discipline. But in a very short time, it becomes a part of your daily routine. You'll look better and most likely you

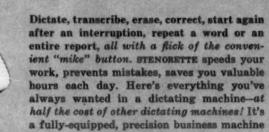




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How many men will take the time to exercise?

"I don't know," says Bonnie Prudden. "But how many men want to live? And I don't mean just walking around. I mean live—really get a kick out of life, have a wonderful time. Haven't you ever noticed the men who really stand up straight and enjoy themselves and have time for everything?

"I met a very appealing man on a plane not long ago. He said he was 58. I wouldn't have guessed more than 45. He told me he had been horseback riding for five hours the previous Saturday and hunting for three hours on Sunday. After he finished hunting, he took his young grandson for a walk in the hills. He said he felt wonderful, and he certainly looked it. Exercise is fun to him and important, too. So he takes time for it.

"It simply comes down to what you want. Do you want to work 10, 14 or 16 hours a day just because you're too tired or sluggish to finish up in a normal amount of time? Or do you want part of that time for yourself—time to enjoy life on your own?"

"Starting your exercise program can be as easy as getting up from your chair right now and trying a couple of semipush-ups against your desk,"



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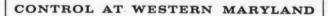
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Now, as the cars are loaded, the weighman records the tonnage on a teletype unit in the loading crane. This simultaneously generates, in the yard office, punched tapes containing variable information about the cars. Combined with constant data tapes, this tape is used to print the Waybill. A complete set of Waybills is handed the conductor minutes after the last car is loaded and coupled in place. At its destination, each car is delivered with the consignee's copies of the Waybill, his 'pre-written receiving memos'.

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"The help of the Moore man and his facilities were valuable in working out the forms we needed," said B. E. Wynne, Controller for Western Maryland and designer of the system. The forms are a 5-part Moore Speediflo Waybill and a 2-part Moore Speediflo Statement. They are Western Maryland's control in print.





If you would like a copy of the illustrated booklet giving details of this system, with a flow chart, write to the Moore office nearest you. No obligation, of course.

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(Circle number 127 for more information)

MANAGEMENT METHODS



# Thought starters

**NEW PRODUCTS** 

Stereo tape recorder features three speeds

A stereo version of the Norelco Continental tape recorder is announced by the High Fidelity Products Division, North American Phillips Co., Inc.

Made in the Netherlands, the unit features these three speeds for maximum versatility in both speech

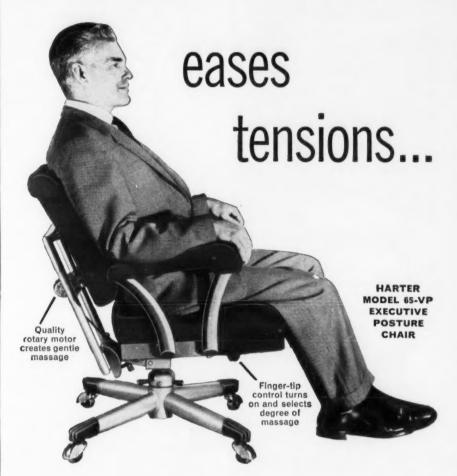


At any of three speeds, recorder equals units operating at next higher speed.

and hi-fi music recording and playbacks - 7½, 3¾, and 1¾ inches per second.

It has twin tapes for tape economy and push button control for easy operation. The machine has inputs for recording off a microphone, tuner, phono and for mixing two signals simultaneously or in sequence.

The complete unit with attractive carrying case is priced at \$299.50. It includes tape drive mechanism, two pre-amplifiers, power amplifier, NEW RELAXING MASSAGE IN THE PRESIDENT'S CHAIR



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Tensions . . . decisions . . . deadlines got you all tied up in knots? Just lean back in a Harter 65-VP Executive Chair, select the Swedish massage action you prefer and relax. Cool, extra-deep foam rubber cushions in seat back and arms transmit massage, gently relieving tensions. In a few minutes return to your work refreshed and alert. The bigger your job, the more you'll appreciate this chair.

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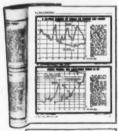


POSTURE CHAIRS

on the left.

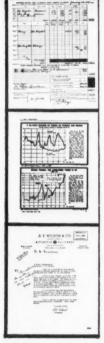
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and a Norelco wide range speaker with extra powerful magnet.

For stereo playback, a second power amplifier and wide range dual cone speaker in a resonancefree cabinet is available at \$95.

For more information on the Norelco stereo recorder, circle number 255 on the Reader Service Card.

# New machine performs many bookkeeping tasks

A versatile, compact, desk-model bookkeeping machine has been introduced by Burroughs Corp. The low cost unit is designed particularly for use by branch offices or small concerns. It includes several automatic features formerly available only in larger, more costly models.

Among operations performed entirely automatically are totaling,



Highly automatic mechanized accounting possible with compact desk model.

subtotaling, accumulation of items posted, adding, subtracting and dating.

Program units that control its functions can be interchanged in seconds. A flick of a key converts the bookkeeping machine to a multiple total electric adding-subtracting-listing machine.

For more details on this new model P612, circle number 253 on the Reader Service Card.

# Conversion kit for electric bottle-type water coolers

A new hot-tap conversion kit capable of changing any electric bottle-type water cooler into an efficient hot-cold unit has been introduced by Cordley & Hayes.

No special installation procedures are required. The shift is made by removing the existing faucet and attaching the kit and a new faucet

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(Circle number 154 for more information)



Unique G/W visible record card tray skillfully concealed in the desk arm slide is an exclusive feature available only for Globe-Wernicke Streamliner® Metal Desks. Ideal for telephone listing, sales, credit, purchasing, personnel records, etc. Holds 50 cards (5" x 8"), usable both sides, for 100 complete records. Hidden locking device assures record privacy. Record tray is removable. This inexpensive desk arm slide with visible card record tray quickly pays for itself by its indispensable service. See it at your G/W dealer now. Or write Dept. F-5



The Globe-Wernicke Co. • Cincinnati 12, Ohio (Circle number 119 for more information)

adapter in its place. With the new kit installed the converted unit will deliver about 60 six-ounce cups of 190 degree water per hour in addition to its normal capacity of 50 degree cooled water.

The kit includes a molded grey plastic panel, water heater unit, new faucets for both hot and cold water and suitable connections. Faucets have heat resistant plastic lever handles.

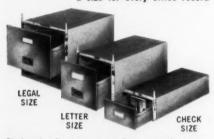
For additional information on this new device, circle number 246 on the Reader Service Card.

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(Circle number 105 for more information)

# Dehumidifier keeps large areas comfortably dry

In locations or seasons when excess humidity is a problem, the Oasis dehumidifier protects against discomfort and damage caused by too moist air.

Made by Ebco Manufacturing



Desired humidity is simply dialed on automatic moisture control unit.

Co., one of these units can remove up to four gallons of water a day from 14,000 cubic feet.

The unit utilizes a built-in humidistat to automatically maintain any selected degree of humidity.

Styled to complement office decor, it measures just 23½ inches high, 12 inches wide and 14½ inches deep. It weighs 55 pounds and is mounted on casters for easy moving. The Oasis dehumidifier can be plugged in any 110-115 volt, AC 50 or 60 cycle outlet. Operation is quiet and costs just a few pennies a day, Ebco states.

For more details on the Oasis, circle number 267 on the Reader Service Card.

# New mobile camera turns checks to cash—fast

A new "Copy-Cart", a mobile copying camera especially suited to use in banks, insurance companies, department stores, mail order houses, and other large-scale users of photocopies, is described in detail in a new eight-page bulletin published by Peerless Photo Products, Inc.

Particular attention is given to the way in which the Copy-Cart helps turn checks into cash by photocopying them immediately upon receipt. The originals can be deposited and credited to the customer's account immediately while the copies are being passed through his accounting or other departments in the usual way. The Copy-Cart can handle about 1500 checksized originals each hour.

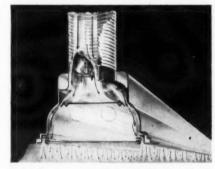
For further information on this copier, circle number 245 on the Reader Service Card.

# Combination unit diffuses air and light

Multi-Vent Troffer is a new integrated ceiling light and low velocity air diffuser. Designed by the Pyle-National Co., the unit combines a louvered, flush fluorescent lighting fixture, with a concealed air diffuser mounted above.

The combination unit avoids the cluttered look of separate devices for air and light.

Air flows through a flexible tube, pressure displacement valve and tiny slots along the perimeter of the



Cut-away view shows widespread air flow through new light-cooling fixture.

lamp reflector. Draft-free "blanket" air coverage results.

For more details on the Multi-Vent Troffer, circle number 254 on the Reader Service Card.

#### COMMUNICATIONS

# Dictation tied in with PBX telephone system

Executives at the Sandusky Foundry, Sandusky, Ohio, now simply pick up a telephone when they want to dictate. The new voice-actuated dictation system, called the Tel-Vac, has been hooked up to a PBX internal telephone system.

Designed by Peirce Dictation



# KELLOGG'S realizes 65% annual return on accounts payable investment with Burroughs Accounting Equipment

Every morning, every year, the Kellogg Company of Battle Creek, Mich., satisfies a voracious, world-wide appetite for cereal. Then turns to one of its biggest after-breakfast chores, accounts payable—a formidable job made routine by Burroughs typing Sensimatic accounting machine.

The high degree of mechanization plus rapid-fire, jam-free typing—makes Kellogg's choice pay off handsomely in high-speed posting of vendors' accounts and computing of check amounts. In swift distribution of purchase amounts. In keeping *all* accounts payable records on Burroughs equipment as crisply current as a brandnew corn flake. And in cutting costs.

"We realize 65% annual return on our investment for accounts payable description with our Burroughs accounting equipment," reports a Kellogg

spokesman. "And the efficiency level is maintained without additional personnel and equipment."

Burroughs data processing equipment and systems run the gamut from accounting machines to the most advanced electronic computer systems. Demonstration? Just phone our local office. Or write direct to Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

Burroughs and Sensimatic-TM's



# Burroughs Corporation

"NEW DIMENSIONS / IN ELECTRONICS AND DATA PROCESSING SYSTEMS"

(Circle number 103 for more information)

HOW MUCH to make or buy WHEN to make or buy it a practical man's

approach to



# **ECONOMICAL PURCHASING**

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# SCIENTIFIC **INVENTORY** CONTROL

by W. EVERT WELCH, Director of Purchasing, Aeronautical Division, Minneapolis-Honeywell

168 pages, 81/2 x 11, illustrated \$12.50

This book shows how modern business mathematics can give you the answers to "how much to buy" and "when." But you don't have to be a mathematician to read and use it. 86 easy-to-understand tables and figures lead you by the hand through proved-in-use formulas that are now being used to control inventory in dozens of well-managed firms.

#### Here's a partial list of contents

Chapter 1. Why formulas are advantageous in the de-terminations that create inventory.

2. How to analyze inventory in terms of relative annual usage to properly allocate emphasis to various parts.

3. How to identify the two segments of any inventory: stock for usage and protection against stockout.

4. How to make cost reductions in working inventory without making the usual cost studies of carrying inventory or order placement.

How to make and use a large variety of tools for order quantity determination.

7. How to modify order quantity decisions where there are tooling or setup charges or where the price changes at fixed quantity discount points.

8. How to use order formulas where the projected usage is a variable.

12. How to evaluate leadtime data in the determina-

13. How to evaluate usage data in the determination of reorder points.

14. Why stock failures as a percentage of the number of orders is only a partial answer to satisfactory inventory performance.

15. How to prepare a formula for manual or data com-puter use and for over-all improvement of inventory

16. How to make use of scientific principles in a typical application to a simple inventory.

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Systems, the automatic dictation facilities can be used by anyone with a "dial nine" telephone. Dialing numbers one through four gives the go-ahead signal, indicates an error or change in dictation, end of letter and accomplishes playback of dictation.

Patented kick-back action of the sound-head eliminates time lapses on the recording medium. If a voice is not heard for one revolution of the recording drum, it automatically returns to the point where dictation stopped.

For more details on the Tel-Vac, circle number 252 on the Reader Service Card.

#### SYSTEMS

## Control board simplifies scheduling problems

Data-Sked is a control board that can organize and schedule as many as 18,000 items in a physical area of less than four by seven feet.

Designed by C. H. Storrs & Asso-



Patented overlapping pockets feature of new control board.

ciates, the board allows scheduling on a daily, weekly, monthly or straight priority basis, depending on requirements.

The pockets, which overlap horizontally and vertically, each accommodate 50 standard punched cards or other documents up to 3½ by 7% inches.

Identification of horizontal rows appear on the left. This allows time or progress to be charted in normal left to right sequence. Vertical rows are identified at the top of the board.

A standard Data-Sked board with 396 pockets is priced at \$395. The maker will also furnish custom designed boards to suit special applications.

For more details on the scheduling board, circle number 250 on the Reader Service Card.

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WHERE HE

#### THE MAN

Arthur O. Hanisch President

#### THE COMPANY

The Stuart Co. Pasadena, Calif.

#### ARCHITECT

Edward D. Stone

#### INTERIOR DESIGNER

Maurice Sands

# Function and beauty merge in this president's suite



Shown above is the work area of the suite, where President Hanisch holds daily luncheon conferences with his policy group of six executive heads. The front of the building is on the other side of the cement grille work to the right.

Built to look as if it is floating on its surrounding moat, the Stuart Co. building is nestled low in the foothills of the towering San Gabriel mountains in Pasadena, Calif.

Behind a facade of cement grille work, the familiar trademark of architect Edward Stone, lie the executive offices of President Arthur Hanisch.

Comfortably modern and simple, President Hanisch's suite has two major advantages. His other executives' offices are easily accessible via a private patio, as his office is to them. He also has a private entrance to his suite just off the entrance area which allows him to enter and leave without passing through the reception room.

Spaciousness and convenience highlight the different areas of President Hanisch's suite: a work area large enough to accommodate the sixman meetings of his executive board, complete bath and wardrobe facilities, a study and dressing room, and a private patio.

This pharmaceutical plant houses a cafeteria for its 160 employees, complete laboratories and for

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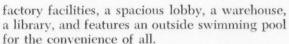
MAY





This is the main entrance to The Stuart Co. building. The door just to the left of the grille work is President Hanisch's private entrance to his suite. He can enter or leave without passing through the reception room. The moat, part of which is shown here, creates the illusion that the building is floating.

A view of the private patio, with President Hanisch's private entrance at the far end. To the immediate right is the study and dressing room area, with complete bath and wardrobe facilities. The office work area is in the distance to the right.



Designed for beauty as well as efficiency, the building achieves, in President Hanisch's words, "an esthetic quality uncommon in any plant."

Curiously enough, President Hanisch did not visit the new building from the time construction was started until it was fully completed. He explains it this way: "If you're having an operation, hire the best surgeon you can get... and leave him alone."



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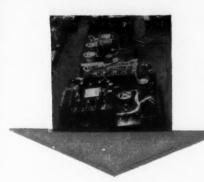
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## **Business** electronics



#### World-wide bookkeeping handled daily by EDP

An electronic data processing system in Brooklyn, N. Y., daily handles the entire accounting functions for the 175 stores in one of the world's largest retail organizations.

The organization, the U.S. Navy Ship's Store Office, is a self-supporting operation com-



Sales at this Navy Exchange in Japan reach the Brooklyn EDP system daily.

pletely separate from the federal budget.

A Remington Rand Univac file computer is the core of the system, which has been installed at NSSO's headquarters. This is the control point for all Navy resale activities throughout the world.

With the installation of the EDP system, NSSO's accounting procedures have been changed from a monthly to a daily reporting basis for all exchanges.

The computer's output includes complete department



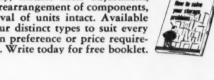
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EQUIPTO ROBE





STOCK CARTS

615 Prairie Avenue Aurora, Illinois

(Circle number 116 for more information)

store accounting, ranging from reports of sales, inventories, and expenses to invoice payments. Some 308,000 accounting entries will be recorded monthly.

Processing costs and paperwork involved in NSSO's operation have been mounting steadily. "[It poses] one of the most complex management challenges in the Navy today," says Rear Adm. L. P. Kimball, Deputy Chief of the Bureau of Supplies and Accounts. "Electronic data processing will be of tremendous

Diamonds

help in speeding operations."

The system is comprised of a central computer, general storage drum with a memory capacity of 15,000 words, input devices, inquiry typewriter, and a high speed printer which turns out data at a rate of 600 lines a minute.

# [{

#### Translator device allows "talk" between computers

A new electronic system which allows "talk" between two "for-

BUT IN THE OFFICE...

is a girl's best

ramer-

are nice...

eign" computers has been developed by Electronic Engineering Co. of Santa Ana, California. The Model ZA-100 Computer Language Translator System is now in operation at System Development Corp. in Santa Monica, Calif.

The translator adapts the code of one computer or data processing system to the code requirements of a different computer or system. It greatly reduces the element of human error in translating and feeding information from one machine to another.

For instance, the Computer Language Translator can put information on punched cards for IBM operations and the same data on special Teletype paper tapes for processing in another

type computer.

Besides being a translation system for integrating various formats, media or codes of data processing systems, the translator can be used to expedite data or to conserve computer time. It can either increase or decrease the speed of processing data depending on the type of input or output equipment into which the data is being fed.

For more information about the ZA-100 circle number 265 on the Reader Service Card.



## Account system posts, verifies simultaneously

Banks which do not yet have a numeric account coding system can still get the benefits of electronic posting without the necessity of a secondary proving operation.

The alpha-digit account verification system, just developed by National Cash Register Company, permits electronic posting with one handling of the documents—on a controlled basis.

With a numeric plan of electronic account verification, numbers on the statement-ledger form and on the check or deposit slip are compared electronically with the numbers that have been indexed on the comparator keyboard of the Post-tronic verification machine.

The alpha-digit system operates similarly. However, the comparator keyboard has alphabetic



friend! Diamonds ARE nice, but she can't sit on them! She can sit on a camp stool, but she won't like it! Unless your secretary is comfortable while she works, her work will be under par, her coffee breaks, long and frequent! So put her in a CRAMER Secretarial POSTURE CHAIR ... the chair that fits and sits her right, because she's "Backed by the Best." Finger-tip controls make it so easy! Cramer

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characters as well as numbers. Instead of using a number system, this system verifies the checks or deposit slips by checking the letters in the name on the paper. The proper letters are indexed on the keyboard and verified against the letters on the ledger and the check.

If the operator has selected the wrong account, the machine stops and a light signals the operator, just as with the numeric plan.

A Post-tronic machine set up for the alpha-digit system can also be used for numeric verification. A bank, for instance, could use alpha-digits for its regular checking accounts; numeric coding for its special checking accounts.

For more complete details of the alpha-digit system, circle number 266 on the Reader Service Card.

# Low-cost system speeds accounting procedures

A high speed transistorized analysis system requiring no spe-



New system reads 1,000 digits per second and produces detail strip.

cial trained programming personnel has been developed by Victor Adding Machine Co., Electronic Section.

Called the Victor Class 100, the new system is a low cost answer to computing detailed cost, sales and inventory figures. It relieves office personnel of the time-consuming job of computing, tabulating and classifying.

A central program unit is connected to a Digit-Matic printer. The flexible system processes raw data in random form from punched tape, the by-product of a previous operation.

To process the data, the operator simply inserts the punched tape into the program reader, selects the desired program and

then depresses the start button.

Reading 1,000 digits a second, the program reader selects and adds related figures, then transmits them electronically to the solenoid-activated Digit-Matic. It, in turn, accumulates the figures. End product: a detail strip or printed receipt with totals clearly identified.

For more data on this compact system, circle number 251 on the Reader Service Card.



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Engineers compare the high quality and contrast of an 11" x 17" stock print reduced from an original 22" x 34" drawing. The print is a sample of many run off on an offset duplicator from an inexpensive offset paper master prepared xerographically by XeroX Model 1218 copying equipment.

#### thanks to XEROGRAPHY...

# Stock-Print System Saves Cutler-Hammer Inc. \$50,000 yearly...

Adoption of a stock file system of expendable engineering prints is saving Cutler-Hammer Inc., Milwaukee, \$50,000 a year.

The system, and consequent savings, is made possible by XeroX® Model 1218 copying equipment. This equipment, operating by xerography, the clean, fast, dry, electrostatic copying process, reduces original drawings as large as 24" x 36" onto inexpensive offset paper masters. From them, multiple copies for stock-print filing are quickly run off on an offset duplicator.

J. E. Jones, head of the Cutler-Hammer drafting department, sums up other benefits this way:

"Xerography and offset duplicating

have brought about valuable changes in our print storage and distribution. We can now reduce print sizes of B, C, and D drawings, thereby saving time, space, materials, and hand folding. Better service to departments needing prints has resulted. Wear and tear on our drawings has been reduced, and xerography gives us higher quality, high contrast, sharp, permanent prints.

"This system allows us to issue prints without delay. Reference prints are immediately available from the expendable print files. Trained personnel are not required to wait for print service. Expendable prints can be discarded after use. They need not be re-filed"

(Circle number 120 for more information)

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MANAGEMENT METHODS

# How to hold key employees when you move your business

Loss of key personnel can be a costly headache when you relocate a plant or office. But there are ways to keep the loss to a minimum. Here's a case history that gives simple, low-cost actions for keeping a company family together. When this business moved from center-city, it lost only two key people.

By R. F. Lander

When we moved our company to a new location, we expected to lose 30% of our emplovees, but we held the loss to

We did it by simple and direct management action consisting of four major steps. The action cost us little. It saved us an estimated \$50,000 in employee turnover costs -a significant sum for a small operation with only 300 employees.

We didn't use pay increases to induce our people to move with us and we covered only limited moving expenses. Yet we lost only two key employees (one was going into business for himself). Most of the 40 others we lost were easily replaceable clerical workers.\*

The four actions we took can be used by any company planning to move a plant, office or lab. Bigger companies, in fact, will probably get even better results than we did.

When we planned our move, we decided to:

- Deal employees in on moving plans.
- Sell new site appeal.
- Short-cut employee moving worries and costs.
- Focus pre-move hiring on the new location.

Electronic Engineering Co., founded 12 years ago in Los Angeles, does research and development, mostly for the government.

ing away from center-city congestion. But we made a study which showed that the move might put us in danger of losing many of our professional personnel. The study was based on companies similar to ours that had moved out from central Los Angeles. These companies lost about 30% of their people.

We decided we would have to hold our losses to at least half that percentage. Here are the details on the four types of action we took to hold company personnel together.

Because our company had grown, we wanted to erect our own build-

#### Deal employees in on moving plans

 Three full years before we made our move, the plan to move was announced to employees through our company publication. A detailed article explained our reasons for moving and described the kind of site we were looking for. Employees were invited to suggest desirable locations for our new build-

We told employees we wanted a location not more than 45 minutes from the city. It had to provide sufficient and desirable housing for all types of employees. Otherwise, the story reported, management was wide-open for suggestions.

Management officials went on frequent trips with employees who suggested possible sites. Slowly we narrowed down the many possibilities and finally our board of directors decided on a desirable location in Santa Ana, 35 miles by freeway from central Los Angeles.

Employees were notified of the selection as soon as it was feasible. The announcement was carried through direct letters from the president to the employees and through a story in the company publication.

As building plans developed, news of the design and construction of the new plant kept flowing



ABOUT AUTHOR

R. F. Lander has been with Electronic Engineering Co. since 1950. Moving from technical editor and staff administrator to personnel manager, he is now in charge of public relations and advertising. He also edits the employee publication and is a member of the sales staff. A graduate of the University of Southern California, he was formerly a reporter for two suburban newspapers.

**ACTION NUMBER ONE:** 



ROBERT A. GOCKEL, Controller of Industrial Tectonics, Inc.



INDUSTRIAL TECTONICS, INC., Ann Arbor, Michigan.



PRECISION BALLS AND BEARINGS produced by this company are used by many industries.



A NATIONAL SYSTEM modernized the accounting department of this growing concern.

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# saves us \$14,500 a year...

pays for itself every 6 months."\_Industrial Tectonics, Inc., Ann Arbor, Michigan

"The rapid expansion of our business demanded a full-scale improvement of our accounting procedures," writes Robert A. Gockel, Controller of Industrial Tectonics, Inc. "Our National System gave us many advantages and benefits, yet cut operating costs.

"Our National Class 31 Accounting Machine offers amazing flexibility and accuracy. We now have detailed reports on all departments, and thus greater production control.

Our sales and operation records are more up-to-date and accurate. And our National's speed has eliminated overtime.

"We're convinced that our National System is the best accounting system available. Records show it saves us \$14,500 a year...pays for itself every 6 months."

Johnt a Lockel

Controller of Industrial Tectonics, Inc.

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MANAGEMENT METHODS

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from the president's office via more letters and house organ articles. Further information was provided at supervisor's meetings and at employee orientation gatherings.

Each step along the way, employees knew exactly what was happening. Because no information was held back there was no need for a rumor-laden grapevine.

# ACTION NUMBER TWO: Sell new site appeal

ment that a new site had been selected, our company publication began a drum fire of publicity about the new location. Monthly articles and photo spreads pointed out the advantages of living in or near Santa Ana.

But pictures and words don't compare with a first hand view. We felt that while some employees might drive to Santa Ana to see for themselves, others might not have the opportunity to inspect the new area. And we thought that even those employees who had been to the new location might not have seen all there was to see.

Consequently, three months before moving day, we ran an employee bus trip to the new location. Buses loaded with employees in a holiday mood toured Santa Ana and surrounding towns in Orange County, with all the advantages being pointed out to the riders. In addition, the buses drove past the homes of employees who had already moved to the area.

The employees stopped to eat company-provided box lunches in a park near our partly completed building. Afterwards, they went on an inspection tour of the building, and were shown the main features and various work areas.

Scheduled on a non-work day, the bus trip was voluntary and free to the employees.

#### ACTION NUMBER THREE: Short-cut employee moving worries and costs

No so that each employee would know as much about Santa Ana as possible, we prepared and mailed moving day packets. They con-

#### INFORMATION PACKET



This folder contained full facts about new and rental housing, taxes, schools, shopping areas and recreational facilities in areas near the new plant site.

#### PERSONAL ATTENTION

Relocation Hostess Peterson helped employees with moving problems, made posters advertising tours to new site.



#### EMPLOYEES SEE NEW SITE



On a bus trip to Santa Ana and nearby towns, employees stopped off at the half-completed plant and were shown where the different work areas would be.

sisted of double-pocket folders titled, "Make Our New Home Your New Home." Each packet included:

 A detailed layout of the new building.

Complete maps of the area.
 A booklet of hints for movir

■ A booklet of hints for moving household goods.

Tips on buying and financing a home.

 Municipal statistics on tax and utility rates.

■ Chamber of commerce brochures from Santa Ana and surrounding towns.

In addition, we posted moving information in key areas of our Los Angeles offices. There were bulletins on land tracts, subdivisions, and rental housing opportunities. Santa Ana's Chamber of Commerce, real estate boards and individual realtors cooperated to supply additional housing facts. Daily, we tacked up newspaper classified ads on housing.

To provide employees with expert, on-the-spot advice about moving and housing, we hired a "city hostess." This attractive, mature woman was a professional city representative, retained by the municipal government and Chamber of Commerce, who gathered housing and moving information for prospective residents. She was retained to work with our people for six months, four months before and two months after the move.

Each afternoon before the move, the hostess was available to employees in our company conference room. Employees were given time off to see her about their problems. Members of her staff did research work on housing, and she frequently met with families after work to help with a special problem or to drive the family to Santa Ana for a look at a particular house.

Her services ranged from answering phone queries regarding the location of a shopping center or "if there are any nice places where I can meet single men," all the way up to handling the complete relocation problem for a family.

We could not afford to pay complete moving expenses for all employees and their families. But we did work out a plan to keep moving costs to a minimum. We told employees that if they would rent trucks or trailers and do their own moving, the company would pay 50% of the costs.

About 20% of our employees took advantage of this share-the-cost plan. Cost to the company under the plan averaged about \$15 to \$25 per family.

To extend financial help further, our company Profit Sharing Committee liberalized its employee loan policy.

Normally, the committee makes only short term loans for emergencies. But many of our professional, semi-professional and middle management employees found themselves with insufficient savings for down payments on homes. The committee granted the necessary loans, and extended the maximum repayment period from 18 months to 36 months.

About 5% of our people made profit sharing home loans. Despite these limited financial aids to employees, we were anxious to avoid having the move become a dollars and cents proposition in the employees' minds. That is mainly why we decided against salary increases as an inducement for moving. The impression we worked to create was that the move would benefit the employees as well as the company.

#### **ACTION NUMBER FOUR:**

# Focus pre-move hiring on new location

■ To make the company move as smooth as possible, we began hiring in the Santa Ana area months before the move took place. For example, job vacancies were filled with people living near our new location. In addition, when we learned that a particular clerical worker, for example, was not planning to move with us, we attempted to find a replacement for her in Santa Ana.

These new employees began commuting to work with some of the regular employees who had already moved to the new location. As more and more people joined this commuter group, our personnel department helped to organize car pools to keep the trip as easy and inexpensive as possible.

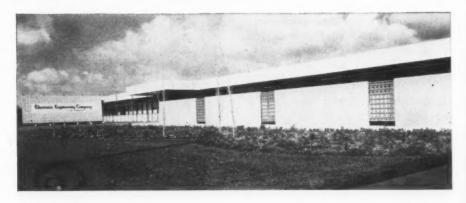
Thirty days before our official move, we began a "beachhead" operation by hiring assemblers and technicians in Santa Ana who worked in temporary rented quar-

Pre-move hiring meant that new workers became familiar with our operation in Los Angeles. When we moved to Santa Ana, training new personnel was not one of our "getting settled" worries.

#### Why it worked

Important as these actions were in holding our company family together when we moved, they don't tell the whole story. We are convinced that the methods worked well for us not just because they are sound methods, but because they were applied in an atmosphere of favorable management-employee relations. Without that atmosphere, these methods or any other methods probably would not have been nearly as effective.

Our employees wanted to stay with the company. The management actions we took simply made it possible for most of them to do so.



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Mr. Roy Type's been getting fan mail! Not, he modestly hastened to assure us, for himself (personable though he may be). The letters he's been getting are in praise of his new Roytronic Carbon Paper.

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(Circle number 134 for more information)

# More examples in tax reduction

Here's a fishing pond of tax saving ideas. These suggestions are taken from a new book that is based on the experience of some of the country's leading tax experts.

You can make major tax savings under provisions of the Technical Amendments Act of 1958. For example:

■ By planning a systematic replacement or expansion program, a company can realize important benefits from the additional first year depreciation allowance.

■ The gift tax may now be used as part of the basis for determining gain or depreciation as well as loss under certain circumstances.

■ Companies can now take advantage of operating as a corporation and still elect not to be taxed as a corporation.

How do recent tax law changes affect your current operations? Some sound answers are found in the book, Working with the Revenue Code—1958 (edited by James J. Mahon, Jr., CPA. American Institute of Certified Public Accountants, 270 Madison Ave., New York 16, 238 pp. \$3.50 cloth; \$2.50 paper).

This book offers nearly 500 practical ideas based on actual tax problems. All the ideas are topically indexed; many deal specifically with last year's tax law changes. Here are a handful of the practical ideas the book contains.

#### Installment sale requires a second look

The election to use a "relief" provision is not always beneficial.

HENRY J. SEBASTIAN, CPA, of San Antonio, Texas, cautions that tax planning on an installment sale is not finished when the original transaction has been consummated. When tax figuring time comes, it may prove advantageous to report all of the gain in the year of the sale. The following is the situation in his recent experience:

The taxpayer made a casual sale of personality in July 1955 at a gain of about \$25,000. Since, at that time, his income from other sources was expected to be about the same amount for 1955, 1956 and 1957, the transaction was set up for 30% of the contract price to be received in 1955 and 35% each in 1956 and 1957. Before the end of the year, however, the taxpayer accepted a position that would more than double his expected income from other sources in 1956 and 1957. Contemporaneously, he made large deductible expenditures that almost offset all taxable income for 1955

if only the 30% collected on the installment sale were included.

Accordingly, the installment election was not made, but rather all of the gain was reported in 1955 for a tax saving of about \$5,000 over the three-year period.

#### Making gifts not always advantageous

An example of where ideal estate planning from the tax savings viewpoint may be imprudent from an economic viewpoint.

From J. S. Seidman: While it is true that gifts can reduce estate taxes, there is also a disadvantage in making gifts in that they "under-cut" the amount of stock that can be redeemed on a capital gain basis under Section 303. That section is a protection up to the amount of the estate tax (and some other items). The lower the estate tax, the lower the amount of protection. In those situations, therefore, where getting money out of the company is more important than the tax factor, caution about gifts and estate tax savings is in order.

#### Corporate organizations

Summary of 1954 Code provisions.

Tax-free transfers of property to controlled corporations in exchange for stock or securities (1939 Code Sec. 112(b)(5)) were modified in the 1954 Code as follows:

The old requirement that the stock and securities interest of each transfer be "substantially in proportion to his interest in the property prior to the exchange" was eliminated. The old requirement had reached a stage of "confusion worse confounded" because of a conflict in the courts as to what it meant. Now it's out. However, its elimination is not intended to permit one stockholder (e.g., a father) to make a gift in disguise to another (his son) via the tax-free incorporation route.

Services rendered the corporation are not deemed to be "property" for which stock or securities may be issued tax free in this type of transfer. Therefore, he who receives stock or securities for services rendered will have taxable income.

The new section also permits a corporate transferor

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of property to distribute any stock or securities it receives to its shareholders, without breaking the "immediately after the exchange" control requirement.

#### You still can give and make money

Benefits of giving appreciated property to charity are retained in 1954 Code.

VIRGIL S. TILLY, CPA, W. O. Ligon & Co., Tulsa, Oklahoma, notes that the "painless" method of giving to charity which was often publicized in the past is still available under 1954 Code Section 170.

For the individual, charitable contributions are now deductible to the extent of 20% of adjusted gross income. An additional 10% is allowable if the contribution is made to a church, educational organization, or hospital, as referred to in Code Section 170(b).

For example, let us assume all the following conditions are present:

- 1. That you have \$100,000 adjusted gross income;
- 2. That you are married with no dependents;
- 3. That you have securities that cost \$10,000, but are worth \$30,000;
- 4. That you make a gift of the securities, without previous commitment for the gift.

Here is what happens:

Your federal income tax

If you give If you
the don't
securities —

Amount of federal income tax \$32,040 \$52,056

Amount of tax saving—\$20,016

In other words, at a cost to you of only \$4,984 (which you wouldn't have unless you sold the securities), the fine work of the charitable organization, the church, school or hospital is benefited to the extent of \$30,000.

#### Partial liquidation may avoid spin-off hazards

An alternative procedure is often safer.

Dallas Blair-Smith, CPA, Lybrand, Ross Bros. & Montgomery, New York City, notes that there are cases where tax benefits of the 1954 Code which are not obtainable under one section may be obtainable under another, if the form of the transaction, but not the purpose or result, is varied.

In Revenue Ruling 55-103 (I.R.B. 1955-9, 7), the Service ruled against the taxpayer, apparently being intent upon imposing tax on dividends rather than on conital gains. The factor ware those.

capital gains. The facts were these:

Corporation X conducted a paper manufacturing business and also owned 80% of Corporation Y (in the lumber business), which stock had greatly appreciated



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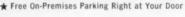
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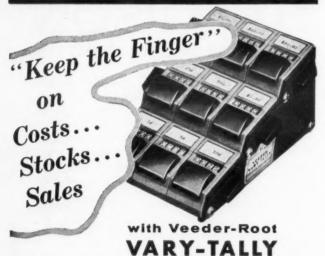
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(Circle number 149 for more information)

in value. X had a large earned surplus. The stockholders of X had negotiated the sale of their stock at a price which did not include the value of the Y stock; therefore they wished to spin off the Y stock tax free before selling the X stock.

The Service considered the negotiations for the sale of the X stock to be sufficient evidence that the spin-off distribution was to be used principally as a device for the distribution of earnings and profits of the distributing corporation. Therefore it ruled that the transaction did not meet the requirements of Section 355(a) (1)(B), and that Section 355 was not applicable. The ruling holds that any distribution of the Y stock would be taxed as a dividend to individual stockholders under Section 301.

On the other hand, capital gain treatment is available if there is a partial liquidation under Section 346, in which case Section 301 does not apply. Certainly there is a "corporate contraction" here, as the X stockholders desire to get rid of one business and retain the other. The Senate report (p. 262) adopts the "corporate contraction" theory to distinguish a distribution in partial liquidation from a dividend.

It would therefore seem that Corporation X could liquidate Y in a tax-free liquidation, after which X would be conducting two businesses which are assumed to have been conducted throughout the preceding five-year period by X and Y, respectively (see Sec. 346(b)). Now if the assets of the paper manufacturing business of X are distributed to its stockholders, in redemption of a pro rata part of their stock, and are sold by them, there ought to be a partial liquidation resulting in capital gain to the stockholders.

Of course, the stockholders would have to negotiate the sale of the assets rather than the stock, but this might be beneficial to the purchaser also, as he could, within limits, demand favorable allocation of the purchase price to the various assets acquired by him.

If X corporation had previously undertaken negotiations for the sale of its paper manufacturing assets, there would be a question under Court Holding Company whether that corporation is not also taxable on any gain represented by the excess of the sales price over the basis of the assets to the corporation. However, most of such gain would usually be treated as capital gain, and two capital gain taxes, one on the corporation and the other on the stockholders, might be better than a dividend tax on the stockholders.

#### Ordinary loss deduction obtainable on sale of stock

Litigation is required to realize these benefits in view of the Service's dislike of the principle.

From T. T. Shaw: The possibility of obtaining an ordinary loss deduction rather than a capital loss deduction under certain circumstances involving stock investments should not be overlooked. Recent cases have indicated that an ordinary loss deduction will be allowed where the investment in the stock was made to gain a source of supply of a product necessary to the taxpayer's business and such stock was immediately disposed of where the need to hold the stock disappeared.

# **NEW SIMPLIFIED FILING EFFICIENCY**

At a glance, the photographs shown may look the same but look again. The camera speed has captured the very few motions and speed of this reference filing operation.

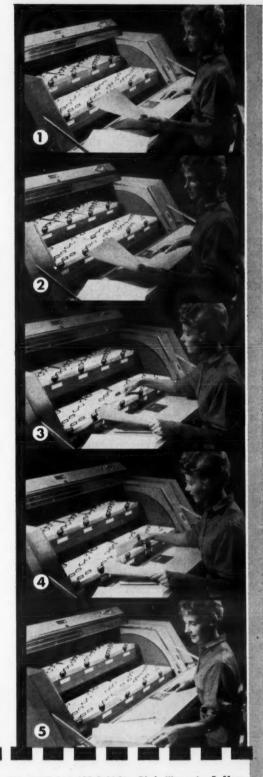
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#### New sales power

(Continued from page 43) there were other facets of dealer operations that were important for a well-rounded picture. These were things that a well-informed district manager would know. The extent of his knowledge and that of the zone manager would establish their qualifications.

With their strategy carefully mapped out and rehearsed, Abernethy and his check teams moved into the field for the pick-and-shovel work. One team headed by Abernethy took the eastern zones. Raisbeck headed the western team.

It was a grueling job. Each zone took an average of three days to check, and the schedule ran to 12 or 15 hour days. It took several weeks to complete the job, but when it was finished, Abernethy had completely detailed facts on dealers and field sales personnel.

Dealer deficiencies — and there were a lot of them — were marked in red on the check sheets. District managers were given a reasonable time limit to correct them. If the district manager didn't know the answers, he was advised to get the information quickly. In some cases, the district manager was found to know little about his dealers' operations. These were noted by the work teams for subsequent action. In some instances, zone managers were found to be inadequately informed.

Following work conferences in each city, Abernethy would hold individual meetings with dealers in his hotel suite. These would last frequently until the small hours of the morning, but they provided an opportunity for Abernethy to become personally acquainted with his dealers. He found that many

had complaints about factory policies. Some wanted to discuss product improvements and changes they thought necessary.

"These face-to-face discussions were invaluable," Abernethy says. "They gave me a good idea of dealer attitudes toward our products and management."

Information compiled from the check lists provided the starting point in rebuilding the dealer body. Many dealerships found to be poorly managed and badly equipped for new car sales and service were terminated. Others with poor sales performance could be salvaged with intelligent help and direction. Some dealers were on shaky ground due to lack of credit. In instances where he knew the dealer was qualified, Abernethy himself arranged for new credit lines. With a wide acquaintance among credit company officials, Abernethy's endorsement of a dealer was usually

On his cross-country trips, Abernethy made a point of visiting as many dealers as time permitted. This served to establish headquarters interest in the dealer and his problems. Many of them had not been visited by a high-ranking corporation executive in years. Nor were Abernethy's visits confined to handshaking. He checked out the operations from all angles and in many instances was able to show the dealer how to improve his sales and profits.

In his Detroit office, Abernethy maintained an "open line" for dealer calls. They were encouraged to contact him by phone when they had special problems. Many took advantage of this unique arrangement with the sales chief.

The task of bringing new dealers

into the fold was made easier by Abernethy's reputation and past associations in the industry. Many dealers came to him for franchises on the basis of past relationships. One of these is now among American Motors' "Top 100" Rambler dealers.

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What Abernethy learned about zone personnel during the work conferences permited him to move with intelligence in strengthening field sales operations. Deserving district managers received pay increases. This served to upgrade their position in the zones and boost morale. Zone managers were moved geographically where the situation indicated a change would improve performance. The stimulation of a new territory proved to be all that was need in most cases.

"A change of scenery and the challenge of working with a new dealer group worked wonders," Abernethy says. "We evaluated each man and put him in the spot for which he was best equipped. For example, we found that moving a man from the West Coast to the East gave him renewed enthusiasm and a fresh sales outlook."

A meeting of division and zone managers was held to let them know that aggressive and planned selling procedures were a must from that point on. Division managers were given definite authority over the zones in their respective divisions and their responsibilities spelled out in detail.

Composite zone ranking charts were worked out and then used to measure managerial performance on a monthly basis. A program to

"We evaluated each man and put him in the spot for which he was best equipped."

ABERNETHY



improve the coordination and promotion of parts, accessories and service sales was initiated. District managers were assigned specific quotas and ranked nationally on sales performance in this important area.

Zone operation expenses were pared to the level of "independent" competition. Some reductions in personnel were made by combining varied duties of a non-sales nature. Costs of dealer administration and service were reviewed in minute detail. Example: The practice of supplying free service promotion posters to dealers was eliminated at a savings of \$12,000 annually. Dealers would buy this service, the same as other independent dealers.

Abernethy's timetable called for one year to overhaul the zone sales operation and rebuild for the competitive battle ahead. But at the end of six months, the job was near completion. Meanwhile he was bearing down heavily on signing

quality dealers.

"In our program of building dealer strength we examined our franchise carefully to make certain the provisions were absolutely competitive," he says. "We evaluated our dealer policies, carrying the process so far as to spell out our beliefs in specific detail in all areas of dealer-factory relationship. We emphasized that every dealer would have an adequate market. This was important in a period when the industry in general tended to overcrowd dealer markets."

Dealer investment fund. The dealer program was given a strong boost by a unique dealer investment fund which American Motors set up in 1955. The fund was designed to protect dealer profits by paying an extra bonus over normal discounts and area bonuses. Pavments into the fund were based on total volume achieved by all dealers. Under the plan, smaller dealers profited even from the volume of the larger dealers. Over a two-year period, dealers were paid more than \$7 million from the fund. This was at a time when the corporation was under serious financial strain, but was considered necessary to maintain dealer strength.

"It was an important factor in our subsequent success," Abernethy

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Dealers were encouraged to contribute sales building ideas.

states. "Not only did it bolster our dealers financially, but it gave them the understanding that our policies were not merely hollow words."

Abernethy's rejuvenation of the Nash sales division and his success in rebuilding the dealer organization resulted in his being named vice-president of all automotive distribution and marketing for American Motors in December 1955, when the Nash and Hudson sales organizations were integrated. He was given free rein by Romney and Roy Chapin, Jr., veteran young executive vice president, in merging the dealer bodies and duplicate zone sales organizations under the Rambler banner.

Again, he took to the road with his check teams, applying the same rating methods to the Hudson zone personnel and dealers as used with Nash.

He found pockets of resistance among Hudson dealers. Some resented the plan to combine all dealerships under a single banner. Abernethy was up to being as tough as the situation demanded. In some instances, a dealer's threat to terminate was immediately accepted. In other cases, Abernethy's firmness worked to salvage desirable dealers. Example: A meeting of West Coast dealers was dominated by a long-time Hudson dealer who vigorously opposed the integration of sales divisions and the new administrative set up. Abernethy offered to sign a mutual termination agreement on the spot. The dealer declined. He later became one of the top Rambler dealers in the area and a staunch

booster of Abernethy's program.

Dealer advisory board. Dealer advisory boards are not a new idea in the auto industry, but the Dealer Board established by Abernethy in early 1956 was unique in concept and democratic operation.

Previous dealer boards in the industry were largely factory selected and controlled. They offered little opportunity for developing the close factory-dealer relationship which Abernethy believed necessary to winning dealer confidence and support.

Under Abernethy's plan, the dealers elected representatives to the 21-man board. Dealers vote by secret ballot, each dealership having one vote regardless of size. Votes are counted and the results certified by a national accounting firm. Representatives serve one-year terms.

The Dealer Council meets twice a year in Detroit with American Motors' entire executive group, including president George Romney.

"We did not conceive the board as a grievance body, but as a vehicle by which we could exchange experience and know-how, and stimulate a flow of up-to-date dealer and customer thinking," Abernethy says.

Dealers submit their questions and suggestions to elected zone representatives prior to each council meeting. After screening and consolidating, the lists are forwarded to the board chairman, who draws up a meeting agenda. Questions of a technical nature or those requiring research are submitted to factory officials well in

advance of the scheduled meeting.

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Questions and recommendations cover the entire gamut of dealer interests. No holds are barred as the council members query officials on matters relating to engineering, parts and service, advertising and merchandising, car distribution, or factory policies in general. An average two-day meeting will cover more than 100 major points of dealer interest.

Engineering and product improvements sometimes result from the dealers' recommendations. For example, the friction type door checks used on the '59 Rambler were suggested by a dealer who had noted that doors tended to swing shut if the car was parked on an incline. The positive action checks were installed as a running production change.

Dealers were quick to note the public interest in a station wagon version of the Rambler American introduced in 1958. Thus, a station wagon was added to the line in 1959. The model now runs more than 40% of Rambler American sales.

Inevitably, questions are injected in the discussions which stray from the agenda. However, no dealer question is hedged or left unanswered. If the answer is not immediately available, the matter is handled at the next board meeting.

Transcripts of each board meeting are prepared and submitted to the entire Rambler dealer body.

Getting ready. Dealers were generally skeptical about the company's plans to concentrate on the compact car.

"One of our most effective weapons in our effort to win dealer understanding of our marketing approach was George Romney," Abernethy says. "He charged the dealer and sales organizations with a great deal of his own conviction about the future of the Rambler."

An oft-heard complaint at dealer and zone meetings was "I can't sell small cars in my area. It's a big car territory."

Abernethy's answer: "Maybe you can't *sell* smaller cars, but the public will soon be demanding them. So get ready!"

Evidence of the growing public resentment over increasing car size

began to appear with the industry's 1956 models. Newspaper articles and cartoonists lampooned their increased size and bulk. American Motors capitalized on the situation by using advertising which stressed the Rambler's compact size and economy.

In combining the Hudson and Nash field sales operations, Abernethy's first step was to select the division managers. Next he looked over the line-up of zone managers in both divisions and selected the strongest men to head the combined zone offices. Zone managers were permitted to select their own district managers.

Warehousing and parts and service functions were integrated for greater efficiency and economy. Job responsibilities were reviewed at all levels and personnel moved or reduced as found necessary. Sum total of the savings in zone operating costs amounted to millions of dollars a year.

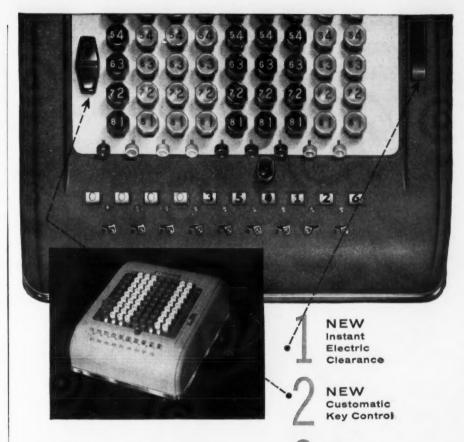
The payoff. When the 1958 model year dawned, American Motors' sales organization was ready. Zone operations were efficient and tight and personnel trained to a fine edge. The dealer organization was strong and oriented in selling the compact Rambler.

The long anticipated consumer shift to the smaller car came early in the model year. American Motors doubled its sales in 1958 when the auto industry in general dropped more than 30%. Rambler registrations moved from twelfth to seventh place.

In fiscal 1958, American Motors made a net profit of \$26 million as compared to a loss of \$12 million in fiscal 1957.

The sales momentum has carried through 1959, with Rambler sales soaring to an all-time high. Current sales are approximately 2½ times the record '58 pace. From the slender 2% in 1954, American Motors now takes a solid 6% of the industry sales. To keep up with demand, the company has had to begin an expansion program to increase production by 33% to an annual capacity of 440,000 Ramblers.

There seems to be a little doubt that American Motors' new dealer organization will be able to sell this volume—at a solid profit. ■



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#### 10 pitfalls to avoid

(Continued from page 51)

position to it, and offer objective predictions of consequences beyond the company's control if a union comes in. But these statements must not be made against a backdrop of promises of benefits if a union is rejected, or threats of reprisals.

The company had made unlawful promises and threats, the board found. Threatening to close the plant, coupled with other warnings, was denying employees' their free choice of unionism. The company was ordered to stop coercing employees, and to post notices throughout the plant advising all workers that they were free to join any union they wanted.

#### PITFALL NUMBER TEN: Don't overdo kindness

■ During their lunch hours and coffee breaks, some employees of a California manufacturer decided they needed a committee to reprecent them in submitting grievances and suggestions to management. Seven of them signed a proposal for such a committee and took it to company officials. The company agreed.

Management officials helped draw up a document creating the Employee Relations Committee. Members of the committee were to be elected on company time. Monthly meetings with management always were on company time—with overtime pay if the meetings were long. Whenever there were new elections, the company paid for the ballots and provided ballot boxes. Company stenographers took minutes of all proceedings and transcribed them.

All went well for nine years, until the United Auto Workers tried to organize the plant, and failed. The U.A.W. complained to the N.L.R.B. which found that the Employee Relations Committee was in fact a labor union. The helpful company had unlawfully aided it and interfered with its internal affairs. The company was told to stop assisting or interfering with the committee. It also was ordered to stop dealing with it unless a board-conducted election in the plant proved a majority of the employees wanted to be represented by that "union."

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Flacoma—Puget Sound Office Equip.
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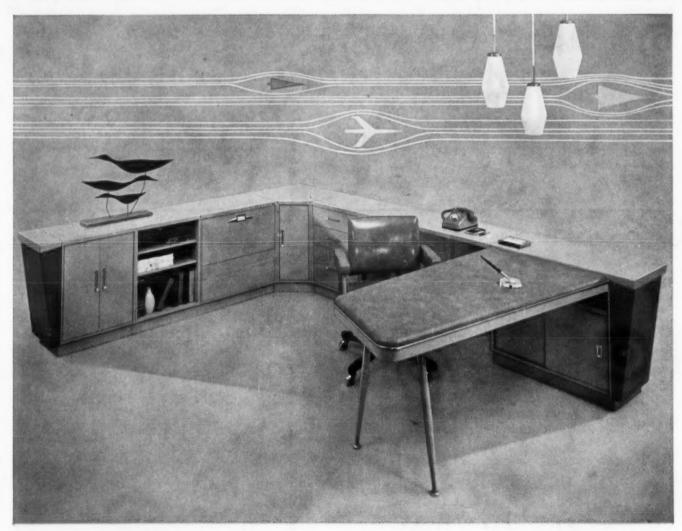


Typical Leopold installation, First National Bank, Colorado Springs, Colo.

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